OKLAHOMA ACCOUNTANCY BOARD

MINUTES OF MEETING

February 7, 2002

The Oklahoma Accountancy Board convened in special session on Thursday, February 7, 2002 in the Loft Room at the Best Western Inn, Stroud, 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 at the Loft Room at the Best Western Inn, in Stroud, Oklahoma 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 and Barbara Walker, Board staff member.

Call To Order: At 9:02 a.m. Chairman Honea called the meeting to order and declared a quorum present.

Discuss and Vote on Updated Concepts of Pending Legislation: Chairman Honea reported that the OSCPA's bill SB 1429 will be presented before the Senate Business and Labor Committee Monday morning at 9:30 a.m. Mr. Johnson addressed the deletion of the word "employer" and added that there were references to NASBA and the AICPA from pages 17 & 18, but these have been deleted in the draft the House subcommittee will review. Chairman Honea stated that he will send a copy of the Board's votes on concepts from the Board's January 25th meeting to Pam Warren as well as each of the committee members.
Vice Chairman Dugger posed the question of how the experience verification requirement would be handled with the deletion of the word "employer." Mr. Johnson replied that a CPA or PA verifying the experience may or may not be a person's employer. Secretary Nickles stated that the provision requiring public accounting experience to be verified by a CPA or PA is too restrictive due to some states not having PAs. Mr. Johnson suggested that a CPA would have to find a registrant to verify that he/she is substantially equivalent. Mr. Russell asked if any CPA willing to verify experience would be sufficient in meeting the requirement.

> Nickles moved to not change the previous vote to add "employer." Motion failed due to lack of a second.

> Johnson moved to delete paragraph D in order for a registrant of Oklahoma to be deemed substantially equivalent to the other states that have similar legislation and that the words, “or an employer” be deleted to read: “all of which shall be verified by a licensee or certificate holder ; St. John second. Affirmative votes: Johnson, Timmons, Honea, Dugger and Russell. Negative vote: Nickles. Motion passed.

Chairman Honea posed the question of what would happen to that language in the event a bill were passed creating another group of licensees in Oklahoma. Mr. Johnson replied that the Oklahoma Accountancy Act defined licensee as a certificate holder or PA which would exclude anyone who is not a CPA or PA. Chairman Honea expressed his concern of the legislature changing the definition of licensee. Mr. Johnson replied that if the word “employer” is not removed, the effect of the entire bill is negated. Chairman Honea cited an example of Kansas as one state which would not allow public accounting experience to be verified by a PA. Secretary Nickles restated that such an experience requirement is too restrictive and added that the Board’s responsibility is not to the UAA but to its constituents and to protect the public. Mr. Russell commented that his Oklahoma certification is not substantially equivalent in Kansas since there is no mandatory peer review in Oklahoma, nor is it substantially equivalent in Arkansas due to Arkansas being a two-tier state. Mr. Johnson argued that the public accounting experience requirement removes a significant number of barriers with a significant number of states. Chairman Honea reminded the Board of its discussion at its last meeting about the one-year experience requirement and its decision that if Oklahoma could become substantially equivalent with 34 jurisdictions, passing a requirement would be worthwhile. Chairman Honea offered to vote on this issue again.

Secretary Nickles expressed concern that if the UAA and the AICPA were to change the criteria for approval by a resident’s state Board, allowing anyone to give evidence of experience to a state Board for Board approval, such approval could be done by an appointed committee within the Board. He added that restricting experience verification to CPAs only serves the big public accounting firms. Vice Chairman Dugger commented that according to the legislation proposed, out-of-state CPAs coming into Oklahoma are required to notify the Board. Mr. Johnson concurred and added that notification can be defined by rule and that the UAA task force is working on a definition. Vice Chairman Dugger agreed that the Board will still have oversight. Secretary Nickles asked what the rush was to adopt an experience requirement all because of substantial equivalency, which will only benefit the big public accounting firms. Chairman Honea asked if the Board should table approval of this issue for this year. Secretary Nickles replied in the affirmative. Chairman Honea called for a vote on the question. Secretary Nickles dissented.

Chairman Honea reminded the Board that the discussion is about concepts instead of actual language because he does not want the Board to approve language that may change without the Board’s knowledge. Secretary Nickles questioned why the Board is addressing the OSCPA’s bill.

> Johnson agreed to accept the amendment to the motion of the concept of changing the language; St. John second. Affirmative votes: Johnson, Timmons, Honea, Dugger, St. John, and Russell. Negative vote: Nickles. Motion passed.

Chairman Honea gave a status report on the Board's agency request bill, HB2275 sponsored by Representative Dan Webb, a registrant. Chairman Honea said that the bill was in the House Judiciary Committee, which will be meeting Monday afternoon after that day's session is over. He commented that Representative Dan Webb and the House staff had suggested two changes: (1) eliminate the cap on the CPA examination administration fee and reciprocity certificate fees; and (2) change in language to read: "not to exceed the fee provided for in Subsection A of Section 15.10 (A) plus registration and permit fee."

He referenced the addition of language to Section 15.10 A.A to include: "not to exceed the direct and indirect costs of the Board in administering the examination." He stated that Representative Webb did not want to put an absolute dollar limit due to the Board's circumstances, but does not want to give the Board carte blanche on the administrative costs. Chairman Honea mentioned that what is being proposed is more liberal than what is currently in place, but not as liberal as what was initially submitted to the legislature. He also referenced Section 15.13 (E) and proposed similar language for the reciprocal fees.

> Russell moved to approve the changes as suggested by Representative Webb; Nickles second. Unanimous affirmative vote.

Mr. Russell recommended that the staff determine how much of their time is spent on application processing in order to justify administrative costs. Deputy Director Steele replied that costs will change with the implementation of the computerized examination. Chairman Honea commented that the Board has been absorbing some of the cost of administering the examination. Deputy Director Steele mentioned that Sharon Wells, Exam Coordinator, is in the process of preparing a P & L report based on the November 2001 examination.

Chairman Honea addressed shell bill HB2406 by saying that Representative Grey, Chairman of the Administrative Rule Review Committee, will likely present substitute language to the shell bill if the bill is presented before the committee. Chairman Honea mentioned that he did not know what that language would be. Deputy Director Steele reported that in her meeting with Representative Grey she asked what was in the bill and he replied that the bill was a shell bill on purpose. She added that Representative Grey wanted a meeting between the two societies to settle their differences and that he believed CPE is important. She stated that the committee he chairs meets Tuesday, but this bill will probably not be addressed.

Chairman Honea asked the Board if any of them had heard of a meeting between the OSCPA and OSA. Mr. Johnson replied that he had not heard about such a meeting.

Chairman Honea stated that committee work ends at the end of next week after which there should be no further substitute language.

Chairman Honea asked when the deadline was for committees to finish their work on proposed bills and if it differed between the House and the Senate. Mr. Johnson replied that he had asked the OSCPA's lobbyist and that according to him, it was either February 15th or the 22nd. Mr. Johnson added that according to the OSCPA's lobbyist, the House may have a different deadline than the Senate.

Chairman Honea mentioned that the OSA had been pushing in previous years for a form of licensing of tax preparers or tax experts and that this might be the issue addressed in their shell bill. He commented that he could not understand how Representative Grey could think that creating another class of registrants would settle the differences between CPAs and PAs. Mr. St. John stated that 75% of the OSA's membership is not PAs and the differences Representative Gray was referring to is between CPAs and bookkeepers and tax preparers, not between CPAs and PAs.

Chairman Honea asked the Board if it wanted to vote on the concept of another class of licensees. Mr. Russell replied that the Board's position in the past has been not to adopt such a concept. Vice Chairman Dugger added that the Board does not agree with the concept of creating additional classes of licensees. Secretary Nickles replied that the Board could not handle the volume of complaints and that a sub-Board to report to the Board or a completely separate Board would be needed. Deputy Director Steele stated that HB2406 is under the Oklahoma Accountancy Act, Title 59, Section 15.1 through 15.37.

> Russell moved to continue the Board's historical policy of not supporting creation of additional classes of licensees; Johnson second. Unanimous affirmative vote.

Mr. Johnson offered as a point of clarification that the OSCPA has no quarrel with the PAs and that the OSCPA is on record opposing the creation of additional classes of licensees. He added that the OSCPA is looking into creating a class of membership for PAs.

> Dugger moved to call the question to continue Board policy of the concept of no new licensees other than the ones currently in place; Johnson second. Unanimous affirmative vote.

Chairman Honea posed the question to Secretary Nickles that if the legislature creates a new class of registrant licensees, does the Board want to vote to request to the legislature to increase the staff three-fold from 8 to 24. Secretary Nickles replied in the negative.

Chairman Honea asked if any other proposed or pending legislation needed to be discussed.

Adjournment: There being no further business to come before the Board, at 9:57 a.m. Chairman Honea called for a motion to adjourn.

> Nickles moved to adjourn the meeting; Johnson second. Unanimous affirmative vote.

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Archer M. Honea, Chairman

ATTEST:

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James A. Nickles, Secretary

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