OKLAHOMA ACCOUNTANCY BOARD
MINUTES OF MEETING
March 1, 2002

The Oklahoma Accountancy Board convened in regular session on Friday, March 1, 2002 in the "O" Club Room at the Gallagher-Iba Arena on the Oklahoma State University Campus in Stillwater, 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 "O" Club 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, Donita Graves, and Jim Shepherd, Board staff members. Patty Hurley, Assistant Executive Director, and Tawni Corwin, CPE Manager, represented the Oklahoma Society of CPAs. Jim Nolen, Lee Weeden, and Peggy Johnson represented the Oklahoma Society of Accountants. Visitors to the meeting were Thomas F. Proctor, CPA; Jeffrey Collins, CPA; and professors and students from Oklahoma State University.

Call To Order: At 8:38 a.m. Chairman Honea called the meeting to order and declared a quorum present. All members were in attendance.

Consent Agenda: The Consent Agenda contained 3 items for the Board's consideration: (1) Approve the minutes of the January 25, 2002 and February 7, 2002 Board meetings; (2) Act on proposed draft of e-mail and Internet policy and implementing individual e-mail and Internet proposal; and (3) Take official notice of the files acted on by the Deputy Director since the previous meeting.

Chairman Honea invited questions from the Board about the proposed draft of the e-mail and Internet policy. He added that he had asked Mr. Price to review the language to determine if it was appropriate, and Mr. Price had determined that it was appropriate for the Board. Chairman Honea asked if there had been any changes from the previously proposed policy. The Deputy Director replied that she had added an opening paragraph at Mr. Russell's suggestion. Secretary Nickles asked how long it would take for the staff to obtain individual e-mails. Deputy Director Steele replied that it depends upon the workload at the Office of State Finance. Secretary Nickles asked if firewalls would be required for

every staff member's computer. Deputy Director Steele replied that the proposal included the purchase of firewalls and Norton anti-virus softwares.

Nickles moved to accept the Consent Agenda; Johnson second. Unanimous affirmative vote.

Discussion on NASBA Events and Possible Consideration of Diane Rubin Nominee as Vice Chair: Chairman Honea reported that he had received an e-mail from David Costello about the disclosure issues among parties within the AICPA and Prometric's arrangement for the computerized examination and that NASBA had not signed the contract because of this. Chairman Honea explained to the audience the computerized examination and its advantages, such as having research information available during the examination, and disadvantages, such as cost. He commented that the cost of taking the computerized examination for the first year would be $458.00, with the Board adding an administrative cost.

Chairman Honea reported that as a member of the nominating committee he had received four letters recommending Diane Rubin be nominated for Vice Chair of NASBA with ascendancy to Chairmanship the year after. He added that she is currently on the NASBA Board as Director-At-Large and that she has been nominated by California, Washington, and Ohio. Chairman Honea asked the Board to consider whether it was appropriate for Oklahoma to second her nomination. Mr. Russell questioned her positions and the direction she planned to take NASBA. Chairman Honea replied that more information would be available in the next two weeks when the nominating committee meets. Mr. Russell expressed concern that Diane Rubin would not be independent from David Costello. Chairman Honea commented that she has become more compliant with the type of leadership NASBA is looking for. He added that she had opposed California's amendment to NASBA's organization papers. Vice Chairman Dugger asked if it would be appropriate to wait until next month's Board meeting when more information on the nominee is available. Chairman Honea replied that the nominee will be selected at the meeting taking place the second Monday in March. Secretary Nickles stated that the Board did not need to second the nomination. Mr. Russell questioned Diane Rubin's opposition to the California draft and said that such opposition supports his concern.

Chairman's Remarks: Chairman Honea introduced the Board members and staff and recognized the attendance of accounting students at the meeting. He then introduced OSU President Dr. James Halligan; Dr. Patrick Dorr, faculty advisor for Beta Alpha Psi and professor at OSU; Shahnokh Saudarganan, Head of the School of Accounting; and Lou Watkins, former Chair of the OSU Board of Regents and current member. He recognized Ms. Watkins' assistance in coordinating the Board's meeting to be held in the "O" Room. OSU President Dr. James Halligan welcomed the Board and made opening remarks.

Chairman Honea recognized Mandy Sirmans, president of the accounting fraternity Beta Alpha Psi, and Dr. Patrick Dorr. Dr. Dorr welcomed the Board and distributed a handout to the Board about the OSU Chapter of Beta Alpha Psi and its

accomplishments. Chairman Honea recognized Dr. John Wilguess, Head of the Masters Program in the School of Accounting.

Mr. Johnson asked how many chapters there are of Beta Alpha Psi nationally. Dr. Dorr responded that there are 240. Mr. Johnson asked how many are in Oklahoma. Dr. Dorr replied that there are three chapters.

Report from the Oklahoma Educators' Conference: Mr. Russell reported that the conference was not as well attended as it has been in the past. He noted Mr. Johnson's participation and complimented the staff's presentations at the conference. He reported that Mr. Johnson spoke on the topic of the computerized examination. Mr. Johnson commented on the excellent presentation given by a professor from Brigham Young University about his methodology in teaching Accounting I using a computer.

Chairman Honea invited comments from the students in attendance at the Board meeting and encouraged them to ask questions at any time during the meeting.

Report from the FARB Meeting: Vice Chairman Dugger reported that the Federation of Associations of Regulatory Boards is a small organization and that the conference was attended by state Attorney Generals as well as members from various boards. He talked about the program he attended relating to enforcement issues such as various case law, consent orders, hearings, and follow-ups as well as who does and who does not participate in the process in addition to a Model Code of Conduct outline for board members and licensed professionals. Vice Chairman Dugger asked Chairman Honea to consider expanding development of the Model Code of Conduct to apply it to the Board. Vice Chairman Dugger concluded by saying that the conference was extremely beneficial. Chairman Honea spoke of the issue discussed at the FARB meeting as to the extent of boards' participation in the legislative process on matters relating to the profession. He added that most boards believe such participation is necessary since the purpose of boards is to protect the public interest. Chairman Honea agreed that this Board as well as other state boards in Oklahoma could benefit from this Model Code of Conduct. Deputy Director Steele referenced her comments about the FARB Meeting in a handout she distributed to the Board. Chairman Honea posed the question of whether it would benefit the Board to become a member of FARB. The Deputy Director replied that the membership fee is $75.00, which includes newsletters and meetings.

Chairman Honea stated that NASBA is a member of FARB and that the FARB meeting was more in tune with accountancy boards' needs than most of NASBA's meetings. He added that Joe Cote and Milton Brown from NASBA were in attendance at the FARB conference. He mentioned that at the meeting Milton Brown had talked about the three "E"'s in the accounting profession – education (150-hour rule), exam (CPA exam), and experience (1-year experience requirement), and that a fourth and fifth "E" should be added – ethics and mandatory peer review. Chairman Honea commented that this was the first time he had heard such a proposal. He added that he had spoken with Michael Conaway, NASBA Chair, and that he did not know of any formal proposal on this matter.

Nickles moved for the Board to become a member of FARB; Dugger second. Unanimous affirmative vote.

Chairman Honea invited questions from the students in attendance. Dr. Dorr asked if the one-year experience rule was going to pass. Chairman Honea replied that it had passed the Senate 49 – 0 last week.

Discussion of the Need for Additional Security Measurements at the CPA/PA Examination: Deputy Director Steele stated that security measures had been discussed at the Administrator's Conference and that Oklahoma was the only state utilizing metal detectors at the examination. She added that some states were using dogs for security. She stated that a popular trend among states is disallowing handbags to be brought to the examination site. She addressed the staff's proposal to disallow handbags and wallets and control all paper products such as tissues brought by candidates to the examination site.

Mr. Russell asked if there had been a problem with this in the past at the examination. Deputy Director Steele replied that there has been a problem with candidates bringing big boxes of tissues. Mr. Russell questioned if his billfold would be disallowed in accordance with the proposed policy. Deputy Director Steele commented that some candidates bring ziploc bags containing their driver's license, money, and candy. Mr. Russell mentioned that with the upcoming computerized examination, this is not going to be a problem much longer. Deputy Director Steele stated that billfolds cannot be monitored at all times throughout the exam in such instances as when candidates go to the concession stand and to the restroom. Chairman Honea explained that the staff has been searching handbags and that it is not fair to search handbags and not billfolds. Mr. Russell countered that both men and women have billfolds. Chairman Honea cited an example from the first time he proctored the examination when a candidate pulled out a calculator. Deputy Director Steele stated that the staff is uncomfortable going through the handbags and added that the Oregon Board is considering disallowing clothing with pockets.

Chairman Honea explained to the students in the audience the merits for such security measures as pertains to the uniform nature of the examination. Deputy Director Steele added that today's electronic devices can fit anywhere. Chairman Honea demonstrated by pulling out from his wallet a calculator that was thinner than the size of a credit card. Mr. Johnson stated that he supported the staff's recommendation as a preventative measure. Chairman Honea asked if pencils would be banned. Deputy Director Steele replied that it was just paper items that were being banned. Vice Chairman Dugger expressed concern about consistency and referenced the example of his wife's purse being searched at basketball games in the Gallagher-Iba Arena but not the large pockets of his leather jacket. He invited comments on this proposed policy from students present.

Jeffrey Collins, CPA, commented that the level of security affects the level of tension among the candidates, whose stress level is near the breaking point psychologically at the time of taking the examination. He added that banning paper products would not prevent a candidate from putting questions on candy wrappers of the snacks they

brought to the examination. Deputy Director Steele replied that some states ban snacks and drinks.

Secretary Nickles stated that it was not the Board's intent to make candidates nervous at the examination and added that there is nothing to prevent candidates from cheating when they go to the restrooms. Mr. Johnson noted that the use of metal detectors was to provide a risk-free and less stressful environment for the candidates and that the Board tries to look to the future when facing security issues. Chairman Honea added that the integrity of the CPA examination is critical to the boards of accountancy and must be preserved. Dr. Dorr posed the question of whether other professional examinations, such as the BAR exam, are controlled to this extent.

Mr. Russell stated that there are two different issues at hand; one is security of the examination to prevent cheating, and the other is safety. Deputy Director Steele commented that there had been a ban on cellular phones at the examination for many years, yet candidates still bring them. Mr. Johnson asked how many states ban handbags. The Deputy Director replied that she did not know but that this measure was becoming more widely considered among the state boards. Dr. Dorr asked if there had ever been a threat to the security of the individuals taking the examination. Deputy Director Steele replied that there had been a bomb threat once at the Oklahoma City examination site. Mr. Johnson asked what the downside would be to the proposed handbag ban. Chairman Honea replied that the candidates might feel a loss of dignity and an increase in the level of stress. Mr. Russell added that such a ban is excessive in its intrusion. Deputy Director Steele explained that the candidates at the Oklahoma City examination site were polled about the use of metal detectors and that response was favorable.

> Johnson moved to adopt the proposal submitted by the staff; Nickles second. Affirmative votes: Johnson, Timmons, and Nickles. Negative votes: Honea, Dugger, Russell, and St. John. Motion failed.

Mr. Russell suggested that Mr. Johnson talk about taking the CPA examination as well as the transitioning rule that he discussed at the Educators' Conference for the benefit of the students in the audience. Mr. Johnson explained that a graduate of December 2002 who applies to take the examination for May 2003 is considered an applicant until such time his/her application is approved. Once the application is accepted, the applicant is then considered a candidate, which exempts that person from the 150-hour rule. He stated that once an applicant becomes a candidate, he/she is always a candidate unless he/she loses his/her status by failing to sit for one exam within three years. He explained that a graduate of May 2003 who applies to take the examination in November 2003 would be subject to the 150-hour rule.

Secretary Nickles, Mr. Russell, Mr. Price, and Deputy Director Steele had not returned from break at the time the next item began.

Report from Jeffrey Collins Regarding Computerized Examination Simulations: Mr. Collins reported that a taxation simulation task force had been established to design a new section of the computerized examination pertaining to taxation without the usage of multiple choice and essay questions. He explained that the goal is to emulate situations that candidates encounter in the practice of accounting. The task force has designed templates for each section of the examination.

Mr. Russell, Mr. Price, and Deputy Director Steele returned to the meeting.

Mr. Collins said that the task force first met last August and that the purpose of the meeting was to examine the content specific guidelines as submitted by the AICPA and discuss what types of material need to be tested in the examination.

Secretary Nickles returned to the meeting.

Mr. Collins stated that four basic templates had been authored with different fact patterns and solutions and that these had been refined at the committee's last meeting, which was held in January. He explained that each candidate will be given a brief factual synopsis and that in the course of performing various tasks, the candidate will have to engage in research for which resources such as a financial calculator, a searchable version of the Internal Revenue code, regulations, and selected IRS publications will be provided. He commented that candidates will have only thirty minutes in which to complete the simulation so they must have a working knowledge of the material beforehand. Mr. Collins explained that the templates had been given by eight authors with the AICPA to create 60 simulations from which to choose. The plan is for 25 to be ready by this summer. He stated that the review committee, of which he is a member, will review the simulations for workable format and effectively test the objectives the simulations are designed to test. He added that the committee plans to meet in July and confirmed that the review committee plans to have the computerized examination ready by the deadline.

Dr. Dorr asked whether the tax research questions will be in an objective format or if the candidate will be required to type explanations. Mr. Collins replied that the candidate will be able to find the answer in the codes and then cut and paste onto the answer sheet. Dr. Dorr asked if the candidate would be filling out tax forms as part of the examination. Mr. Collins replied that a tax form may be on the examination, but it will not be a major component. Chairman Honea added that the AICPA's stated intent is to test candidates' knowledge after one year of accounting.

Administrative Actions Taken: Chairman Honea explained for the benefit of the audience the enforcement purposes of the Board. Vice Chairman Dugger explained the purpose of consent orders as they affect individuals who apply to sit for the examination and added that Dr. Wilguess had assisted him with drafting the language on the examination applications regarding criminal activity. Dr. Dorr questioned how this matter was asked on the application. Vice Chairman Dugger explained that the problem with the nature of activity that applicants choose to disclose stems from the issue of expungement and that most people are not aware that an attorney must go back to the

court to obtain an order of expungement. He added that information about what must be disclosed is included in the examination application packet.

Vice Chairman Dugger presented a written summary of investigative files and administrative actions taken with recommendations for the disposition of each.

Investigative Files:

Administrative Consent Orders:

Case No. 1486 – Examination Applicant

Examination applicant failed to report a previous charge of Furnishing Alcohol Beverages to A Person Under 21 Years of Age. An Administrative Consent Order is being offered in this case which provides that the Respondent shall be allowed to sit for examination. Respondent is subject to a probation period ending the latter of two years from the effective date of the Order or two years subsequent to Respondent's successful completion of the examination.

Case No. 1487 – Examination Applicant

Examination applicant failed to report previous charges of Misuse of Forged/Counterfeit Drivers License and Minor in Possession of Alcoholic Beverages (Note: both charges were the result of one incident). An Administrative Consent Order is being offered in this case which provides that the Respondent shall be allowed to receive her CPA certificate and may apply for a permit to practice subject to a 2-year probation period beginning with the effective date of the Order.

File No. 243 – Brown Graham and Company, P.C.

A registrant reported that he was entering Oklahoma to serve Oklahoma clients. The public accounting firm he represented was notified that the Oklahoma Accountancy Act requires firm registration and permit. After unsuccessful attempts by staff, the Special Prosecutor was authorized to issue a Cease and Desist letter. The firm has now properly registered, so the Vice Chairman recommends that the file be closed.

File No. 244 – Lairson, Allen, Weishair & Co., LLP

A registrant reported that he was entering Oklahoma to serve Oklahoma clients. The public accounting firm he represented was notified that the Oklahoma Accountancy Act requires firm registration and permit. After unsuccessful attempts by staff, the Special Prosecutor was authorized to issue a Cease and Desist letter. The firm has now properly registered, so the Vice Chairman recommends that the file be closed.

File No. 245– Malone & Bailey, PLLC

A registrant reported that he was entering Oklahoma to serve Oklahoma clients. The public accounting firm he represented was notified that the Oklahoma Accountancy Act requires firm registration and permit. After unsuccessful attempts by staff, the Special

Prosecutor was authorized to issue a Cease and Desist letter. The firm has advised that the registrant has not entered into Oklahoma to serve clients since February 2001 and has therefore alleviated the need to register the firm. The Vice Chairman recommends that the file be closed.

> Dugger moved to close files; Russell second. Unanimous affirmative vote.

Discussion of Contents Received Relating to the Proposed Rule Amendments and Final Adoption of the Final Draft of the Amendments to Title 10, Oklahoma Administrative Code: Chairman Honea recognized the summary of comments drafted by the Board staff. Secretary Nickles referenced the memorandum he wrote that was submitted during the public hearing held on February 15. Chairman Honea explained to the students in attendance the proposed permit requirements of CPAs who are employed in public practice and CPAs who are employed in industry as relates to the protection of the public in addition to the process involved to effect such rule changes.

Vice Chairman Dugger expressed his preference to leave Subparagraph (b) as it is written and that the Board might wish to consider requiring all CPAs have 40 hours of CPE regardless of whether they are employed in industry. Secretary Nickles explained the intent of CPE is to enhance one's ability to perform a service to the general public and that CPAs who practice public accounting part-time need more CPE than those CPAs who practice full-time and deal with issues facing the profession on an everyday basis.

Chairman Honea commented that there are valid arguments for both sides of this issue. He stated that employers need to be a protected part of the public but that under the current law, the public (general clients) are the only ones protected since the public has no control over CPAs but employers do have control of their employees.

Mr. St. John asked if Texas requires 40 hours of CPE for all CPAs and if CPE must relate to the practice of public accounting. Secretary Nickles replied that Texas is a one-tier state and asked how many two-tier states there are. Deputy Director Steele answered that she does not know. Chairman Honea replied that the number of two-tier states is approximately 17 with the majority of states being one-tier.

Mr. Johnson stated that the matter at hand is what is in the best interest of the public and added that splitting CPE between 24 hours in public accounting and 16 hours in CPE related to one's industry is in the certificate holder's as well as the public's best interest. Chairman Honea commented that the Board wants CPAs to be the best at what they do and to stay competent. He stated that the crux of the issue is whether this should be required by law, who needs to be protected, and what level of protection of the public does the Board need to offer. Mr. Russell explained the history of CPE and that its sole purpose is to protect the public interest. He maintained that under no definition of the public does an employer qualify. He stated his position that if protecting the public interest is a valid concept and CPE is a valid part of protecting the public interest, CPE should be in subjects that are related to an individual's practice of public accounting.

> Nickles moved not to adopt the proposed Subparagraph (b) of 10:15.29-7 and that Subparagraph (b) be stricken and deleted in its entirety and that Subparagraph (c) of such section thereunder be re-labled as Subparagraph (b); Russell second. Affirmative votes: Timmons, Nickles, Honea, and Russell. Negative votes: Johnson, Dugger and St. John. Motion carried.

Chairman Honea addressed the proposal he presented at the Board's public hearing on February 15th to note on an individual's permit whether the rules of Subsection A or Subsection B were complied with and that his proposal was moot given the previous motion. He reported that the OSCPA had also presented an amendment to Subparagraph (b) which was moot as well. Chairman Honea commented on the scrivner changes as they relate to the rule of striking the requirement for firm permits to be notarized and the 150-hour transition rule. Chairman Honea asked legal counsel if the Board must vote on the actual language or if the Board can vote on the rules as a whole. Mr. Price replied that voting on the rules as a whole is allowed.

Chairman Honea referenced 10:15.25-4(f): "Each firm that serves Oklahoma clients shall be required to hold a separate permit and pay the applicable fee for each office permit." He noted that the wrong word had been stricken and that the rule should read: "Each firm office that serves Oklahoma clients shall be required to hold a separate permit and pay the applicable fee for each permit." Vice Chairman Dugger and Secretary Nickles agreed that the word "office" needed to be retained in the rule. Chairman Honea asked if it were preferable to undo the striking of the first usage of the word "office."

> Dugger moved under 10:15-25-4 that the striking under Subsection (f) of the first "office" be reinserted into the proposed rules; Nickles second. Unanimous affirmative vote.
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> Nickles moved to adopt proposed rules as amended; Timmons second. Mr. Johnson proposed an amendment to the motion to change the wording in Subsection (b) from "or" to read "or specific to industry" but Secretary Nickles declined to amend the motion since the Board voted to delete Subparagraph (b) in its entirety. Affirmative votes: Johnson, Timmons, Nickles, Honea, Dugger, Russell and St. John.

Comments on Publication of Information by Related Groups: Secretary Nickles addressed an article which appeared in the OSCPA's March/April newsletter regarding the Board's proposed rules changes and noted that it contained incorrect information. He commented that he had not been aware of a campaign by the OSCPA to members of the Board to get the industry rule changed as the article had stated. Secretary Nickles expressed an exception to the OSCPA's depiction of the Board as regulating only those CPAs who perform what is defined as public accounting. He stated that it is

the Board's responsibility to regulate all registrants, whether they are in public practice, private industry, government or education, including non-CPAs who hold out as CPAs. He further suggested that the OSCPA correct this in their next publication. Chairman Honea expressed his concern about the misconception of the Board's role and recommended that the OSCPA do what they can in their publications and notices to correct this misperception.

Secretary Nickles referenced a survey the staff compiled relating to hearings held by the Board in the past three years. He stated that only six hearings involved CPAs in public practice, while four involved CPAs in industry, three involved CPAs in industry that pertained to CPE, one involved a candidate, and four involved non-registrants.

Vice Chairman Dugger addressed a report he requested the staff to compile regarding current enforcement activity. He reported that there were 17 enforcement files pending in January 2001 and that there were 78 enforcement files opened during 2001, which is the highest number of new complaints and open files in the Board's history. He added that by the end of 2001, 54 files had been cleared, while 41 were still active, which is also the highest in the Board's history. Vice Chairman Dugger concluded by saying that enforcement is a significant purpose of the Board and that with Enron and other things, the Board is concerned with the image of the profession in addition to the activities, ethics, and conduct of CPAs. Chairman Honea cited the example of holding out and explained to the audience what such a violation involved. Mr. Price noted that there are actual court cases involving accountants. Deputy Director Steele referenced another case where a CPA refused to pay the fines the Board had assessed. Chairman Honea commented that such fines and prosecution costs are not dischargable in bankruptcy and that an individual cannot be exempt from paying such fines.

Act on Staff's Proposed Security Counter and Gate for Board Office: Secretary Nickles asked how this would protect the staff. Deputy Director Steele referenced the drawing submitted by OCI and replied that the gate will be electronic and the service counter will be taller than what appears in the drawing. Chairman Honea explained the layout of the office to the audience. He asked if there were other alternatives to increasing security in the office. Deputy Director Steele replied that other alternatives had been considered, such as a modular type system, and added that other agencies, such as the Attorney General's office, have a full door and a windowed area. She expressed the need to keep the overall appearance soft but secure.

> Russell moved to accept the staff's proposal to install a security counter and gate; Dugger second. Unanimous affirmative vote.

Status of Pending Legislation: Chairman Honea reported on the status of the agency request bill HB 2275 sponsored by Representative Webb. He expounded on the bill's primary purpose, which is to enable the Board to charge enough to cover its administrative and direct costs when the CPA examination becomes computerized. He said that under the current law the legislature limited the Board to charge $300.00 for the computerized examination. He stated that this bill releasing the $300.00 limit had

passed the House unanimously. He added that the bill was not scheduled yet for the Senate Committee.

Chairman Honea reported on the status of SB 1429, which requires one year of experience before the certificate can be issued in addition to providing for substantial equivalency and a notification requirement. Chairman Honea said that the bill had been passed by the Senate unanimously. He commented that he did not know what the bill's prospects would be in the House, but that it has a chance of passing.

Chairman Honea reported on HB 2406, sponsored by Representative Gray, which in its current form strikes the word, "accountant" as restrictive language and creates the definition "authorized individual or entity" as authorized by the accountancy law to do certain kinds of accounting but with no regulation. He stated that this bill was proposed by the OSA. Chairman Honea said the bill passed the House committee with two dissenting votes and has received an additional sponsor from the Senate as well as 8 to 10 additional House sponsors. He stated that the bill will be up for a vote on the House floor within the next two weeks.

Chairman Honea also reported that the bill increasing the Executive Director's compensation that had been stricken last year had passed both the House and the Senate and is now waiting to be signed by the Governor. He mentioned that HB 2651 which would give legislative action to agency rules is still in committee.

Chairman Honea then invited comments about HB 2406 and SB 1429. Secretary Nickles stated that HB 2406 was not beneficial with regard to the Board's statutory duty to protect the public and encouraged the Board to go to the capitol as a whole and oppose this legislation. Chairman Honea commented that there has been a proposal to create additional classes of registrants even though lobbyists from the OSA did not mention the new definition of authorized individual or entity during the committee meeting. Mr. Johnson referenced language in HB 2406 that would grandfather all authorized individuals as PAs. Chairman Honea added that according to the bill's language, people who never passed the examination can be registered. Secretary Nickles expressed concern about giving such individuals credentials. Chairman Honea invited a motion on the entire language of the bill.

> Nickles moved for the Board to formally oppose all aspects of HB 2406 in formal writing to be signed by the Chairman and the language can be developed by committee; Johnson second. Vice Chairman Dugger endorsed himself as a substitute for the second since Mr. Johnson is a part of the OSCPA's legislative body. Mr. Johnson accepted the substitute. Unanimous affirmative vote.

Mr. Russell asked if representatives from the OSA had any comments. Mr. Nolen replied that the OSA has no comments at this time. Chairman Honea asked Mr. Nolen what the membership proportion between registrants and non-registrants is within the OSA. Mr. Nolen replied that non-registrants make up the largest percentage, followed by PAs and then CPAs, which make up the smallest group. Mr. Johnson commented

that he had the staff do a records search on all licensed PA's and found that less than half hold a permit to practice.

Report from the NASBA Executive Directors' and Legal Counsels' Meeting: Deputy Director Steele reported that the two major topics of the meeting were Enron and the computerized examination. She said the reason the examination contract had not been signed was NASBA and the AICPA's difference of opinion on the definition of "full disclosure." She commented that Prometric had given full disclosure, but the AICPA had not. She explained that the administrators had passed a motion authorizing NASBA to go forward with an RFP if the AICPA did not comply by February 28th. She mentioned that a task force has been created to encourage mandatory peer review. Mr. Russell asked who was proposing this. The Deputy Director replied that she believed it was mentioned in David Costello's opening address.

Deputy Director Steele reported that there was still the issue of whether examination scores will be numeric or pass/fail once the examination becomes computerized. She said that according to a speech given by Greg Johnson, Director of Examination with the AICPA, that the AICPA will know by September if the November 2003 launch date for the computerized examination can be met.

She mentioned that she has been asked to be an administrator of a pre-testing site and that the Board's Exam Coordinator, Sharon Wells, would also be involved as a proctor. Chairman Honea asked how many state boards' staffs were invited to participate. Deputy Director Steele replied that she knew of only one other state. Mr. Russell asked what the objective was. Deputy Director Steele replied that the objective is to determine if the computerized examination works. She explained that those who would be sitting would be a combination of candidates who have never sat for the exam and candidates who have sat previously as far back as three years ago. She added that she would be overseeing the actual examination itself and not the facility. Mr. Johnson asked if this pre-test site would be outside of the state and if so, where would it be conducted. Vice Chairman Dugger stressed that this is an important opportunity for Oklahoma and that he is in favor of the staff's participation. Chairman Honea said that it was complimentary to invite Oklahoma to participate.

Mr. Price reported on disciplinary matters which were discussed at the meeting. He added that online practices were beginning to become a problem nationwide and that the state Attorney General's office has issued an Attorney General's opinion about online practices which the Board might need to consider in the future.

Report on the Search for an Executive Director: Chairman Honea reported that an invitation to bid for a search firm has been submitted to Central Purchasing.

Discuss Board Members' Responsibilities Regarding Executive Sessions: Mr. Price explained the purpose of Executive Sessions and that it is important for Board members to preserve confidentiality. He said he has drafted a proposed Executive Session policy at the Chairman's request and that his Division Chief is in the process of reviewing it. He added that he will circulate this policy to the Board via e-mail for comment. Mr. Russell asked what kind of breeches have occurred to warrant a policy.

Mr. Price cited a general example of members of boards talking to the press about what was discussed in Executive Session deliberations. Mr. Price stated a document for all Board members to sign will be available when official action can be taken at the Board's next meeting.

Next Meeting Date Announced: The next Board Meeting is scheduled for 8:30 a.m., April 26 at the Board office in Oklahoma City.

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

Applications for Reciprocal CPA Certificates:

15358-R	Michael Dean Beckel
15359-R	Richard Wallace Haley
15360-R	James R. Hauser
15361-R	Van J. Josselet
15362-R	Chad A. Miller
15363-R	Joshua A. Miller
15364-R	Philip L. Roberts
15365-R	Don N. Tennill, II

Applications for Reinstatement of CPA Certificates:

2985	Robert A. Newman
3913	Sandra Kaye Carter
12049	Patrick D. Linehan
12911	J. Michael Groom

Initial Registration of a CPA Limited Liability Partnership:

Larson, Allen, Weishair & Co., LLP

Initial Registrations of CPA Professional Corporations:

Danny K. Cochran CPA PC
Frank & Associates, A Professional Corporation
JP Kennedy, CPA Inc. P.C.
Lloyd L. Wold Inc., P.C.
Sanders & Bledsoe, Certified Public Accountants, P.C.

Initial Registrations of CPA Professional Limited Liability Companies:

Milam & Associates, PLLC
Rita Sheth, MBA, CPA, PLLC

Vice Chairman Dugger expressed appreciation for OSU's hospitality and asked for the Board's permission to write a thank you on behalf of the Board to Dr. Halligan, the OSU

Regents, and OSU in general as well as to Martha Pittman, who provided cinnamon rolls for the meeting.

Adjournment: There being no further business to come before the Board, at 11:50 a.m. Chairman Honea declared the meeting adjourned.

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Archer M. Honea, Chairman

ATTEST:

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James A. Nickles, Secretary