

OKLAHOMA ACCOUNTANCY BOARD
MINUTES OF MEETING AND HEARINGS

May 17, 2002

The Oklahoma Accountancy Board convened in regular session on Friday, May 17, 2002 in Suite 165, 4545 N. Lincoln Boulevard, Oklahoma City, 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 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
Carlos E. Johnson, Member
E.B. St. John, Member
Jeanette C. Timmons, Public Member

In attendance at the meeting: Edith Steele, Deputy Director; Dan Connally, Assistant Attorney General and legal counsel to the Board; Jim Shepherd and Donita Graves, Board staff members. Rusty Hale represented the Oklahoma Society of CPAs. Peggy Johnson and Lee Weeden represented the Oklahoma Society of Accountants. Rick Chamberlain, Special Prosecutor, Charles B. Lutz, Attorney, Jimanne H. Mays, Attorney, Suzanne Heggy, Attorney, Omer G. Stephenson, CPA, Misti Wyatt, Derek Lopp, Respondent and House Representative Ray Young were also present for relevant segments of the meeting.

Call To Order: At 8:30 a.m. Chairman Honea called the meeting to order and declared a quorum present. Mr. Russell and Mr. Johnson were absent. He noted and explained Mr. Russell's absence, which was excused. He deferred the excusal of Mr. Johnson's absence.

Consent Agenda: The Consent Agenda contained 3 items for the Board's consideration: (1) Act on the minutes from the April 26, 2002 Board meeting; (2) Ratify the Chairman's authorization for an emergency purchase of a Sharp Model FO-6700 FAX machine at a cost of \$1,875; (3) Take official notice of the files acted on by the Deputy Director since the previous meeting.

Dugger moved to accept the change in the minutes as presented and all items of the Consent Agenda 1, 2, & 3; Nickles second. Unanimous affirmative vote.

Report on Status of J.H. "Jay" Engelbach's Nomination to the Board to be Effective July 1 and Senate Confirmation of Jeanette Timmons, Public Member Who is Completing an Unexpired Term: Deputy Director Steele reported that Mr. Engelbach was unable to attend the conference committee meeting on Monday due to illness and that she was unable to confirm the status of a future confirmation meeting.

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She added that Ms. Timmons' reappointment had been accepted by the Senate Business and Labor committee. Chairman Honea praised Ms. Timmons' service to the Board, particularly at NASBA's meeting about the computerized examination contract.

Discuss and Formulate Response to Quick Poll from the New York State Board for Public Accountancy: Chairman Honea reported on a quick poll requesting the Board's support for New York's proposal that NASBA proceed with Requests for Proposal (RFP) on the production of the CPA examination. He stated that the Oklahoma Board voted in favor of going ahead with RFP's at the Chicago meeting on May 9, 2001 and suggested supporting the New York Board's proposal. Secretary Nickles agreed. Vice Chairman Dugger added that at the May 9th meeting if certain timetables were not met, NASBA would do a request for proposal itself. Chairman Honea mentioned that the timetable voted upon was that if the contract was not ready by the annual meeting last October, it would go out for RFP, but that this issue was deferred until the January meeting due to contract negotiations and now this issue has been deferred again.

Member St. John asked how the RFP process worked and whether the states would be involved. Vice Chairman Dugger explained that if enough state boards took action, it would cause NASBA to move forward in either coming up with something that the states can accept with appropriate disclosure, or in the case of New York and California, state boards would be able to quantify the various vendor proposals which the state boards had not been allowed to see in the past. Chairman Honea mentioned that at the January meeting, 7 states voted against ratifying the CBT contract, including Oklahoma, New York, California, and Nebraska. Ms. Timmons asked if any state has the ability not to accept the contract. Vice Chairman Dugger explained it would be very difficult for a state to put on a CPA examination if it does not go along with the overall group but that California and New York hold the power due to the number of candidates, potential examinees, and CPAs they have in their states. Ms. Timmons raised the question of what is being proposed within the motion. Chairman Honea replied that it is to reiterate its call for issuance of a Request for Proposal to identify potential computer based examination providers and vendors that will be accountable to the state boards of public accounting. Vice Chairman Dugger reminded that state boards are a third party to this agreement on accountability; everything goes to NASBA, and the state boards have very little say. Secretary Nickles added that the state boards have the fiduciary responsibility of approving candidates to sit for the CBT examination.

Chairman Honea invited comments about sending a letter, FAX, or e-mail to other state boards encouraging support of New York's proposal. Vice Chairman Dugger asked if the state boards get to see the start of a quick poll or just the results when they come out. Deputy Director Steele replied that only results are seen but suggested requesting the Executive Director of the New York Board to let the Board know. She reminded that the quick poll is due by May 21st and was concerned that there may not be enough time to send a letter.

Ms. Timmons commented that whatever NASBA and the AICPA does, it will need to have the endorsement and full cooperation of California and New York. Chairman Honea reminded the others that NASBA and the AICPA did not have the cooperation of

these states in January. Vice Chairman Dugger commented that the net result of that is why the contract has not been signed. Ms. Timmons concurred. Chairman Honea commented that this deadline would not allow enough time to get a letter out that would have any benefit and that the Oklahoma Board should respond yes to the quick poll.

Nickles moved to support the statement from New York regarding seeking RFP's (Requests for Proposal) on the CPA examination; Dugger second. Unanimous affirmative vote.

Designate Voting Representative and Alternate for NASBA Regional Meeting:

Chairman Honea commented that traditionally the Chairman is designated and the Vice Chairman as the alternate to vote. He noted that there is one vote for the nominating committee, of which he is a candidate, and that someone may object to his voting on that so an alternate might be needed.

Nickles moved to designate the Chairman as the voting representative and the Vice Chairman serve as the alternate; Unanimous affirmative vote.

Report on the CPA Examination held May 8 & 9, 2002: Deputy Director Steele reported that there was one candidate at the Oklahoma City site who refused to cease writing after the examination was over and that she had to speak with him. This was the same candidate who refused to follow the instruction at the November examination. Vice Chairman Dugger stated that Deputy Director Steele told the candidate that if he was unable to follow instructions, he could come to the Board and explain his conduct.

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

Investigative Files:

Files Recommended to be Closed:

File 01-11-01 – Violet Kirkendall, CPA

Information was sent to the Board that Ms. Kirkendall's yellow page advertisements contained a statement which could mislead the reader into believing that she has been a CPA since 1988. Her certification date was February 1, 1999. As instructed by the Vice Chairman, she has directed the yellow page company to correct the advertisement. The Vice Chairman recommends that the file be closed.

File No. 01-12-01 – Cythia Pogue Baker, CPA

Information was sent to the Board that Ms. Baker's website contained misleading information as to firm structure and name. She has a registered professional corporation, but the firm name did not appear on the website. In response to a letter from the Board, she submitted copies of each website page that reflected that it now

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shows the firm name as it is registered with the Board. The Vice Chairman recommends that the file be closed.

File No. 250 – Capin Crouse, LLP

During an administrative hearing, information came to the Board that the firm allegedly entered into Oklahoma to perform an audit. In response to a letter from the Board, the firm explained that the engagement was for consulting services as requested by the client. The firm is now properly registered and holds a permit to practice. The Vice Chairman recommends that the file be closed.

Dugger moved to recommended files be closed; Nickles second. Unanimous affirmative vote.

Act on Request from Mike Crawford to increase hourly rate to \$125 from \$85: Vice Chairman Dugger asked the Deputy Director if Mr. Crawford's request for an increase would make his fee consistent with the other investigators the Board has on contract. Deputy Director Steele replied that his fee is higher and that it is up to the individual investigator to set his or her rate; then the Board can approve or disapprove the rate. Vice Chairman Dugger asked if his fee is significantly higher. Deputy Director Steele replied that his fee is not significantly higher. Secretary Nickles asked which investigator has the highest fee. Deputy Director replied that Jimmy Williams charges the Board \$85.00 an hour.

Vice Chairman Dugger reminded the Chairman that an investigator in Tulsa is needed. Chairman Honea concurred and suggested that investigators in other areas of the state might be needed as well. Vice Chairman Dugger commented that all three investigators currently on contract with the Board are working on investigative cases for the Board.

Vice Chairman Dugger stated that Mr. Crawford has a broad range of experience, especially in governmental matters, and as a testament to his integrity, he has had to recuse himself on several cases on the grounds of conflict of interest. He added that Mr. Crawford has done a good job for the Board. Deputy Director Steele reported that Mr. Williams currently charges the Board \$85.00 an hour, Mr. Crawford charges the Board \$85.00 an hour, and Lonnie Heim charges the Board \$45.00 an hour. Mr. St. John noted the disparity in the fees. Chairman Honea concurred and stated that approval of a contract and/or increase by the Board does not mean the Board has to use their services. Vice Chairman Dugger stated that the Vice Chairman chooses the investigator and that all three are very qualified.

Nickles moved to increase Mr. Crawford's rate to \$100 per hour; Dugger second. Unanimous affirmative vote.

Election of Board officers:

Nickles moved to re-nominate Archer Honea as Chairman by acclimation; Timmons second. Honea abstained. Unanimous affirmative vote.

Nickles moved to re-nominate Tom Dugger as Vice Chairman by acclimation; Timmons second. Dugger abstained. Unanimous affirmative vote.

Timmons moved to re-nominate Jim Nickles as Secretary by acclimation; Dugger second. Nickles abstained. Unanimous affirmative vote.

Hearing in Case No. 1481 – Noel Ancil Wyatt, CPA: This matter came on for hearing at 9:08 a.m. The members of the Board present were seated on the hearing panel. Assistant Attorney General Dan Connally represented the Board. Special Prosecutor Rick Chamberlain represented the State. Mr. Wyatt was present via telephone and was represented by counsel, Charles Lutz and Jimanne H. Mays, Attorneys. The purpose of the hearing was to determine whether Respondent violated Sections 15.14B(3) of the Oklahoma Accountancy Act by pleading guilty to and being convicted of a felony in the case of *State vs. Wyatt*, Case No. CF-99-161, District Court, Grady County, Oklahoma, where the act committed constituted a felony under the laws of the State of Oklahoma.

Respondent was called as a witness via telephone.

Mr. Johnson arrived at 9:40 a.m. during Mr. Wyatt's testimony.

Witnesses called by the Respondent included Omer G. Stephenson, CPA, Suzanne P. Heggy, Attorney, and Misti Wyatt, daughter of Respondent. Ms. Timmons noted that she is acquainted with Ms. Heggy as the spouse of one of her law partners but that her acquaintance with the witness would not render her incapable of rendering a fair, impartial decision in this matter. Ms. Heggy made a statement that she was acquainted with Assistant Attorney General Dan Connally when he worked for the Oklahoma Court of Criminal Appeals for several years but that he was already employed there when she began working for the Court in 1994.

Chairman Honea requested that Mr. Johnson not participate in Executive Session since he was absent for part of the testimony. Mr. Johnson agreed.

Nickles moved to go into Executive Session; Timmons second. Affirmative votes: Timmons, Honea, Dugger, Nickles and St. John.

Nickles moved to come out of Executive Session; St. John second. Affirmative votes: Timmons, Honea, Dugger, Nickles and St. John.

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Mr. Connally noted for the record that the Board deliberated Case No. 1481 and that during deliberation the Board took no votes or other official action as that term is defined in the Open Meeting Act.

Nickles moved that it has been established on clear and convincing evidence that Noel Ancil Wyatt committed the act as set forth in the complaint and to accept the complaint as filed; Timmons second. Affirmative votes: Timmons, Honea, Dugger, Nickles, and St. John.

Timmons moved that Respondent's certificate be suspended for the period ending on the earlier of the ending of the termination of his physical incarceration or 5 years from today's date; further, that after Respondent's period of suspension before this Board has ended, that Respondent be placed on probation with the Board for a period to run co-terminously with the period of suspension imposed by the State of Oklahoma in Case #CF-99-161; further that Respondent not be permitted to make application for a permit to practice until he has completed after his suspension has ended 80 hours of CPE and has presented satisfactory evidence of same to this Board; finally that Respondent be assessed cost of prosecution before the Board with such payment to be made before Respondent can make application for reinstatement of his certificate; Nickles second. Affirmative votes: Timmons, Honea, Dugger, Nickles, and St. John.

Nickles moved to adjourn the hearing; Timmons second. Unanimous affirmative vote.

The proceedings and the individual votes of the members were conducted in open session and were recorded by a court reporting service. The evidence is contained in Docket File No. 1481.

Hearing in Case No. 1482 – Derek Wayne Lopp, Suspended CPA: This matter came on for hearing at 10:48 a.m. The members of the Board present were seated on the hearing panel. Assistant Attorney General Dan Connally represented the Board. Special Prosecutor Rick Chamberlain represented the State. Mr. Lopp was present but was not represented by counsel. The purpose of the hearing was to determine whether (1) Respondent violated Sections 15.11(A) and 15.14A(A) of the Oklahoma Accountancy Act by preparing the March 13, 2000 report submitted to the Oklahoma Insurance Commission and by using the "CPA" and "Certified Public Accountant" designations in that report while his Oklahoma CPA certificate was suspended and without a valid permit to practice public accounting; (2) Respondent violated Sections 15.11(A) and 15.14A(A) of the Oklahoma Accountancy Act by preparing the March 13, 2001 report submitted to the Oklahoma Insurance Commission and by using the "CPA"

and "Certified Public Accountant" designations in that report while his Oklahoma CPA certificate was suspended and without a valid permit to practice public accounting.

Mr. Chamberlain presented a Consent Order for the Board's consideration with the following provisions: (1) Respondent violated Sections 15.11(A) and 15.14(A) of the Oklahoma Accountancy Act by preparing the March 13, 2000 report submitted to the Oklahoma Insurance Commission using the "CPA" and "Certified Public Accountant" designations while his Oklahoma CPA Certificate was suspended and without a valid permit to practice public accounting; (2) Respondent violated Sections 15.11(A) and 15.14(A) of the Oklahoma Accountancy Act by preparing the March 13, 2001 report submitted to the Oklahoma Insurance Commission using the "CPA" and "Certified Public Accountant" designations while his Oklahoma CPA Certificate was suspended and without a valid permit to practice public accounting; (3) Suspended Oklahoma Certificate No. 10461 should be revoked and surrendered to the Board no later than thirty (30) days from the date of the Consent Order; (4) Respondent is assessed a fine in the amount of \$2,000 per count for a total of \$4,000 due to the Board no later than ninety (90) days from the date of the Consent Order; (5) Respondent is assessed the cost of these proceedings in the amount of \$1,500 due to the Board no later than ninety (90) days from the date of the Consent Order; (6) Respondent may not apply for reinstatement until such time as he is in full compliance with the terms and conditions of this Consent Order in addition to any other applicable legal requirements including all conditions and requirements of probation as set forth in Case No. 98-CR-14-C and has made full restitution to Citizen's Bank of Tulsa for misapplied funds. Respondent must also show his continued compliance with the Board's CPE during his revocation period; and (7) Failure of Respondent to comply with any of the terms of this order shall trigger an immediate hearing before the Board.

St. John moved to accept the Consent Order as written;
Timmons second. Affirmative votes: Johnson, Timmons,
Honea, Dugger, Nickles, and St. John.

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

The proceedings and the individual votes of the members were conducted in open session and were recorded by a court reporting service. The evidence is contained in Docket File No. 1482.

New Business: At the request of Board member, Carlos Johnson, House Representative Ray Young appeared to address the legislative process. He distributed a handout and explained that a bill goes through four readings, three in a particular house, which involves the committee process, and then it is transferred to the other house and goes through the same process. Representative Young invited comments and questions from Board Members. Mr. Johnson asked him to explain the conference committee process. Ms. Timmons asked if there are different conference committees for every single bill. Representative Young replied that bills are assigned to specific conference committees and there are conference committees assigned to different topics as designated by leadership.

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Mr. St. John raised the question of whether either the House or Senate leadership can hold up a bill. Representative Young replied in the affirmative and added that the chairman of the committee can make the decision whether or not to hear a bill. He commented that there are a number of positions in the process during which a bill can be stopped permanently. Mr. Johnson asked Representative Young to explain the striking of a title. Representative Young explained that it allows a bill to go back to its house of origin and be subject to amendments again as with the enacting clause. Mr. Johnson stated how SB 1429 was struck and sent to conference committee. Representative Young explained that conference committee members could have made amendments had they chosen to but the bill came out of conference with a title and with the enacting clause in place. Mr. Johnson asked if that means a bill can be voted on. Representative Young replied in the affirmative and added that the bill was voted on by the Senate on Monday, by the House after it came out of conference committee, and that it will go back to the house of origin to be voted on. Mr. Johnson commented that SB 1429 was heard in the Senate on Monday and was passed 44-3 and then heard by the House this morning. Representative Young stated that the bill had passed this morning and will go to the Governor. He explained that the Governor can either sign the bill or veto it and that if it is vetoed, it can be subject to a veto override.

Ms. Timmons asked how an agency's bill is sponsored. Representative Young explained that there are a number of sources of origination for a bill. Chairman Honea stated that the agency request bill had passed the House unopposed and was assigned to the Senate Business and Labor Committee. The one available time it was to be heard, Senator Leftwich refused to put it on the agenda and it died. Mr. Johnson addressed the issue of timing with regard to a committee meeting only two times and that during those meetings, 150 bills may need to be heard. Representative Young concurred and added that there are certain deadlines and parameters that a bill must meet in order to be considered and sometimes negotiations with committee Chairpersons are involved. Ms. Timmons raised the question of whether it was customary for an agency bill not to be heard. Chairman Honea replied that it was not common, especially for a non-controversial bill like the Board's agency request bill. Representative Young explained that the legislative process is ongoing and involves lots of negotiations and compromises. Representative Young stated that he had requested to be on the House committee that heard SB 1429.

Ms. Timmons expressed that there was some concern among Board members about certain aspects of the bill and requested the Board be allowed to air these concerns with respect to the bill for Representative Young's benefit. Representative Young responded that he had had lengthy discussions with Chairman Honea, Vice Chairman Dugger, Member Johnson, Assistant Attorney General Connally, and with Representative Askins about the bill. Representative Young recognized that there are a number of points contended by the Board as well as by members of the industry. He stated that he saw this bill as something positive for the accounting industry and raise the standard. He admitted that the legislation in its present form is not perfect but that he had gotten commitments from various members within the industry to address these imperfections next year with the hope of developing cleanup language to tighten the bill up. Secretary Nickles raised the question of what would happen if the Board has a major problem of there being a conflict between protecting the public and protecting industry.

Representative Young replied that would be a matter that would be referred to Legal Counsel for interpretation.

Chairman Honea recommended that further discussion of SB 1429 be deferred until some time more appropriate. Member Johnson asked if it would be appropriate to discuss HB 2275 under new business. Chairman Honea replied that it would not. Member Johnson maintained that it was appropriate for the purpose of clarifying Ms. Timmons' questions. Chairman Honea allowed discussion on the condition that it be kept short. Member Johnson stated that this agency and this Board, including himself, was disappointed that HB 2275 was not heard on the Senate side in the Business and Labor Committee. He added that the OSCP was disappointed that HB 2275 was not heard. Mr. Johnson raised the question of the possibility that the House author and the Chairman of the Senate Business and Labor Committee might not have been in sync on the bill being heard. Representative Young replied that any comment he made would be pure speculation. Chairman Honea commented that there were a number of reasons the bill was not heard and that it does not have to be a disagreement among legislators. Representative Young recognized the differences between the minority and majority parties.

Ms. Timmons asked when committee appointments are made for each new legislative session. Representative Young replied that Larry Adair had been reappointed as Speaker of the House, but that it was contingent upon November elections. He added that the heads of committees for next sessions are very tentative. The members of the Board expressed appreciation to Representative Young for taking the time to speak to the Board.

Summary of Special Prosecutor's Billings, Discussion of the Extension of the Special Prosecutor's Contract for the Ensuing Fiscal Year, Action on the Request for Hourly Rate Increase to \$165 and Action on Consideration of Hiring an Assistant Attorney General: Chairman Honea stated that the Attorney General's office can provide the Board with an attorney on either a full-time or part-time basis. Vice Chairman Dugger added that Mr. Chamberlain has requested an increase in his hourly rate. Vice Chairman Dugger proposed a partial employment of the Attorney General's office for 25-50% to take care of all Administrative Consent Orders and more routine matters and that the Special Prosecutor be retained for prosecutorial matters. Chairman Honea asked whether the Special Prosecutors' rate increase to \$165.00 is approved, it would include legal assistants. Deputy Director Steele replied that assistants should be billed at a lower rate.

Chairman Honea asked how much had been spent for this fiscal year on special prosecutor costs. Deputy Director Steele replied that based on average billings, it will probably be in excess of \$105,000. Chairman Honea asked how much of the Special Prosecutor's total time is billed to the Board. Deputy Director Steele replied that in reviewing his billable hours since September, it appeared that the Special Prosecutor spent a 180 hours per month on average for the Board. Deputy Director Steele added that a lot of the Special Prosecutor's billable time was due to the Townshend case.

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Chairman Honea added that the number of cases is escalating and that the Attorney General's office could provide an attorney full time for \$80,000. Deputy Director Steele stated that there is an additional \$9,000 incidental expenses. Secretary Nickles asked if the \$9,000 was included in the \$80,000. Assistant Attorney General Connally replied that it was his understanding that the \$80,000 covers salary and benefits of a full-time attorney and that the administrative charge is separate. Vice Chairman Dugger recommended that the Board would need an attorney on a senior level.

Secretary Nickles asked how many cases are subject to prosecution by the Board that the Special Prosecutor currently has. Vice Chairman Dugger replied that there is a distinct possibility there are enough pending cases to have an all-day special session of the Board at least and maybe twice this year for hearings. Secretary Nickles asked if the Attorney General's office could do these hearings or could the work the Special Prosecutor has done be transferred to the Attorney General's office. Vice Chairman Dugger replied in the affirmative but added that the Special Prosecutor is already involved; he is a CPA; and that the issue of getting another attorney up to speed on these cases would be significant.

Member St. John asked what the Special Prosecutor's rate is now. Deputy Director Steele replied that his current rate is \$150.00. Chairman Honea commented that the Board could cut costs by hiring an attorney from the Attorney General's office full-time. Vice Chairman Dugger stated that the Special Prosecutor knows the overall process; he has done a credible job in addition to being a CPA; and there would not be a loss of time by moving the case files to another attorney. Ms. Timmons expressed concern of the practicality about such a split arrangement between the Special Prosecutor and a part-time attorney in the Attorney General's office. Chairman Honea mentioned that if the Special Prosecutor is retained, the Board is not required to assign him new cases and he can also refuse cases, but the Board would have to authorize a contract for an Assistant Attorney General.

Secretary Nickles stated that he was not in favor of renewing the Special Prosecutor's contract on the basis that his service has not been exemplary. Chairman Honea noted some *faux pas* in several early Administrative Consent Orders the Special Prosecutor issued that said that the Board met in a hearing when the Board did not, which caused some embarrassment. He added that he supported renewing the Special Prosecutor's contract for the cases pending. Secretary Nickles agreed that the Special Prosecutor be retained for the appeals cases and cases he has devoted 75% of his time on, but that new cases be given to the Attorney General.

Vice Chairman Dugger commented that the Attorney General's office has to know up front how much of a staff attorney's time the Board would need. Chairman Honea reminded the Board that the full amount has to be paid to the Attorney General's office regardless of whether the contracted time is used or not.

Johnson moved that in light of the Vice Chairman's recommendation, propose the Board entering into a contract with the current Special Prosecutor at the rate of \$150.00 per hour if the Special Prosecutor agrees to that and that the Board Chairman and Vice Chairman negotiate with the Attorney General's office for a minimum of 50% FTE to be assigned to the Oklahoma Accountancy Board and that if it needs to be increased, the Vice Chairman would so advise the Board; Timmons second. Unanimous affirmative vote.

Act on Proposal for Purchase of New Computer System: Jim Shepherd, IT Director, explained that the computer equipment currently in use was purchased in late 1998 and is outdated. He summarized some of the problems with the current systems. He stated that the server as well as two workstations could fail at any time. Vice Chairman Dugger raised the question of why there was a difference in price of the same equipment within the higher and lower proposals. Mr. Shepherd replied that the hard drive was a different size between the two proposals and there was a price change of \$1,000 in Dell's quote. He added that waiting to purchase dates the hardware and that the current price quote is locked in for a period of 45 days.

Chairman Honea raised the issue of whether the Office of State Finance (OSF) had any problems with the Board's purchase in light of budget cuts. Deputy Director Steele replied that she was not aware of any. Member Johnson stated that as Chairman of the Budget Committee, he spoke with Richard Cravens at OSF about both proposals and that Mr. Cravens recommended that the Board go with the higher proposal. Member Johnson added that he gotten assurance that Mr. Cravens would approve the proposal. Secretary Nickles asked why the staff needs 8 high-end systems. Mr. Shepherd replied that the Board has 8 FTE and that if only 6 workstations are purchased, there could be problems with the specifications should 2 workstations need to be added later. Chairman Honea commented that with the purchase of 8 workstations, there is at least one backup.

Johnson moved that the Board purchase hardware and software as outlined on pages 6-1 and 6-2 on the agenda, which would include the Adobe Pagemaker software on page 6-2; Dugger offered an amendment that Jim obtain the best current price for the equipment; Johnson accepted the amendment and added that it be the best price as listed by the Department of Central Services; Dugger second. Johnson offered an amendment that the purchase of equipment within this price range not be limited to brand; Dugger agreed to the amendment. Unanimous affirmative vote.

Act on Staff's Proposal for Furniture: Deputy Director Steele addressed that the desks currently used by the staff are old and are beginning to deteriorate. She added that none of the desks are made to accommodate computers and that the Board is mandated to purchase through OCI. Ms. Timmons commented that having ergonomic

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furniture makes a big difference in productivity. Deputy Director Steele reported that this expenditure was already budgeted. Vice Chairman Dugger added that this had been in the budget for the past 3 years.

Johnson moved that the agency purchase the furniture as summarized on page 7-1 and supported by pages 7-2 through 7-10, not to exceed \$30,000; Dugger second. Unanimous affirmative vote.

Act on Staff's Proposal to Purchase Enhancement Components for the Board's Current Audio Equipment: Secretary Nickles asked if two staff members are required to record the Board's meetings. Chairman Honea replied that 2 people are needed since staff also relies on the notes taken at the meetings. Mr. Johnson asked if there is a system available that does not require an operator. Mr. Shepherd replied that there is not.

Johnson moved that the Board approve item 8 as listed on 8-1 of the agenda and supported through 8-2; St. John second. Unanimous affirmative vote.

New Business: Mr. Johnson proposed the discussion of SB 1429 since it was passed this morning.

Johnson moved that the Board not write the Governor a letter requesting that he veto SB 1429; St. John second.

Chairman Honea stated that a motion had already been passed at the Board's meeting in Stroud in April which addressed the different variations of SB 1429. He said the Board's response would be handled by the Executive or Legislative Committee, which are comprised of the same people, to address those issues as they come up due to the fact that things happen so quickly. Mr. Johnson replied that the bill passed is different than what had been presented at the Stroud meeting. Ms. Timmons commented that the motion passed at the Stroud meeting did not give the Legislative Committee the authority to write a letter to the Governor and asked what the Legislative Committee's function is now that the bill has passed. Secretary Nickles replied that the Board's function is to protect the general public and that if the majority of the Board believes the bill is flawed badly enough that it does not protect the general public, it has a responsibility to tell the Governor. Vice Chairman Dugger expressed concern that the motion passed at the Stroud meeting addressed the language of the bill prior to its passage. Assistant Attorney General Connally stated that the motion is a question of policy, but that no motion would prevent any individual on the Board from expressing his/her First Amendment right to speak one's mind. Mr. Johnson agreed that his motion went to the Board, not to the individual. Ms. Timmons raised the question as to the scope of the motion made at the Stroud meeting. Assistant Attorney General Connally replied that his interpretation of the motion as reflected in the minutes did not give the Legislative Committee continuing authority.

Vice Chairman Dugger asked Mr. Johnson if he was aware of or if he had a copy of the specific fixes for the bill and if these fixes relate to the issue of enforcement. Chairman Honea commented that these fixes would not happen until next legislative session and expressed the same concerns about the issue of enforcement. Mr. Johnson replied that in speaking with the House and Senate attorneys who assisted in drafting the bill and a representative from the Attorney General's office, that the Board has the authority under its current law with regard to enforcement. Mr. Johnson added that Representative Young had asked him to assist in writing additional language for the accountancy statute and that if the issue of enforcement needs to be addressed, Mr. Johnson would address it.

Vice Chairman Dugger raised the issue of what the Board can be allowed to do in the interim period if an enforcement issue comes up regarding a firm. Mr. Johnson referenced the current laws and rules in place. Vice Chairman Dugger expressed his concern about the bill just passed. Mr. Johnson maintained that that section of the statute had not changed. Vice Chairman Dugger asked how the current statute affects the substantial equivalency provisions in the new bill that do not require firms to register. Mr. Johnson said that he had had this discussion with the bill drafter from the Senate and was told that specific language was not needed since it was already in the statute and was therefore not put in the bill. Vice Chairman Dugger suggested that the Board not approve anyone coming into the state to practice under substantial equivalency until such time as rules can be promulgated. Chairman Honea replied that new rules and forms would have to be developed to supplement the law should this bill be signed by the Governor.

Chairman Honea returned the discussion to the motion at hand. Ms. Timmons raised the question of whether the Board should take official action. Chairman Honea stated that the bill is fatally flawed and he does not think the Governor should sign it. Secretary Nickles said that the reason he opposed the bill was because the bill does not protect the general public, but that it helps the profession become more mobile, which does not help the general public.

Member Johnson asked Mr. Connally if this Board can write the rules to address Vice Chairman Dugger's concerns about enforcement. Assistant Attorney General Connally replied that the bill gives the Board the power to define experience and the Board can limit that by rule. Mr. Johnson maintained that firms are already required to register offices that send CPAs to Oklahoma to serve clients. Secretary Nickles disputed that statement, claiming that is not what SB 1429 says. Mr. Johnson explained that SB 1429 only applies to the individual and not to the firm and referenced examples of larger firms which have offices in other states registered with Oklahoma. Ms. Timmons raised the question that if someone from out of state were to come into Oklahoma under substantial equivalency and his or her firm has not registered, would the Board have the power to sanction the firm. Mr. Johnson replied that was what he was told on more than one occasion. Assistant Attorney General Connally stated that he had expressed his preference to Representative Young that the word firm be included in the bill. He added that it is within the Board's power to enact a rule restricting firms under the new bill and that since the attorneys of the legislature are of the opinion that the Board can write this rule, the legislature would not oppose rules written by the Board. He asked when the

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legislation goes into effect. Mr. Johnson replied November 1st. Assistant Attorney General Connally stated that the Board has the authority under the APA to enact emergency rules in response to the legislation. Mr. Johnson stated that the experience requirement goes into effect July 1, 2003 and explained that the Board already has the authority under the firm registration and not temporary practice rules to require offices of a firm to register.

Vice Chairman Dugger proposed that once the law passes and becomes effective, the individual substantial equivalency notification form should contain the notice that firms must register regardless that the individual seeking to come into the state on substantial equivalency has notified the board and that failure to do so is a violation of the Oklahoma Accountancy Act. Deputy Director Steele suggested that a newspaper article could also be written. Ms. Timmons recommended that a newsletter be sent. Vice Chairman Dugger added that such a notice needs to be prominently placed on the Board's website.

Chairman Honea stated that he believes the bill is fatally flawed and should be handled by fixing the problems before the bill is passed. He recommended that the Board not support the bill. Ms. Timmons asked when the bill would go before the Governor. Mr. Johnson replied that it takes about 5 days. Chairman Honea commented that the Governor has a certain amount of time before he has to sign it. Assistant Attorney General Connally mentioned that the Governor could do a pocket veto.

Chairman Honea returned to the motion pending and restated the motion requesting the Board not officially write a letter as a Board. Mr. St. John stated that he did not intend for the motion he made at the Stroud meeting give the Legislative Committee the authority to write a letter to the Governor. Chairman Honea commented that the discussion behind the motion did include that. Mr. St. John maintained that this was not his interpretation from reading the minutes. Chairman Honea stated that if the Board had not understood his motion to include this authority, he would have asked Mr. St. John to clarify his motion. Mr. St. John explained that he believed his motion applied to negotiating with the Legislature with regard to developing and changing amendments and so forth and that he had not anticipated that a letter would be written. Ms. Timmons commented that the motion gave the committee ability to act on amendments and language in that bill.

Ms. Timmons expressed concern about Mr. Johnson working with Representative Young on correcting imperfections in the bill outside of his purview as a Board member. Mr. Johnson asserted that he is very clear to people that he is not representing the Board. Chairman Honea reminded Mr. Johnson of the Board policy regarding interaction with the Legislature and other state agencies, especially when a Board member is not specifically authorized by the Board to represent the Board. He asked Mr. Johnson if he made it clear in every instance when he is not representing the Board. Mr. Johnson assured the Chairman that he was always clear. Mr. St. John recommended authorizing the Legislative Committee to work with Mr. Johnson and Representative Young in correcting the imperfections in the bill. Mr. Johnson replied that the Board has its own legislative committee, its own agenda, and its own bill, while the OSCPA has its own legislative committee and its own bill.

Secretary Nickles asked if Mr. Johnson had withdrawn his motion since it had been determined that his motion was not appropriate. Mr. Johnson replied that if the Chairman can assure him there will be no letter, he will withdraw his motion. Chairman Honea stated that the Board has not given the Executive Committee the authority to send a letter, but if there was a motion passed later to give the committee authority to act on this legislation, he intends to follow through, regardless of whether that is a letter or not. Mr. Johnson withdrew his motion.

Nickles moved to authorize the Executive Committee to write a letter to Governor Keating explaining the Board's opposition to SB 1429. Motion died for lack of a second.

Mr. Johnson reminded the Chairman that Mr. St. John had not withdrawn his second. Chairman Honea asked Assistant Attorney General Connally if the second has to be withdrawn. Mr. Connally replied that he was not sure a second in this instance was necessary in strict Roberts Rules. Chairman Honea asked Secretary Nickles if his motion was limited to a letter. Secretary Nickles replied that it was not. Chairman Honea then asked for a second and asked for confirmation that he can not second a motion. Assistant Attorney General Connally affirmed that as chairman, he could not second a motion. Chairman Honea asked if it was necessary for a second. Mr. Connally explained that the purpose of a second, under strict parliamentary rules, is to assure that there is at least enough interest in the motion to carry it forward to a vote and that the Board's policy has been to require a second. Chairman Honea stated that he would second the motion if he were allowed to and that there are at least two people who are interested in passing this motion.

Ms. Timmons stated that she had asked Assistant Attorney General Connally to look into the issue of whether a Board member can appropriately act as a lobbyist on behalf of or against specific legislation that affects the Oklahoma Accountancy Act over which the Board has jurisdiction. She added that she would not be willing to vote on directing anyone to write a letter until she is in a position to determine whether the bill is fatally flawed. Chairman Honea mentioned that if it appears appropriate, he may wish to call another special meeting to react to SB 1429. Vice Chairman Dugger commented that from time to time, the Governor's office may invite an agency and applicable agencies to express their concerns. Chairman Honea stated that he would respond to that request.

Mr. St. John asked if the bill is fatally flawed. Chairman Honea replied in the affirmative. Ms. Timmons asked Assistant Attorney General Dan Connally to review the bill and contrast and compare for consistencies. Chairman Honea stated that if Mr. Connally finds other inconsistencies in the bill that there will be future discussion about this and that if the Governor requests information, the Board will respond.

Next Meeting Date Announced: The next Board Meeting is scheduled for 8:30 a.m. June 21 at the Board office in Oklahoma City.

May 2002 Examination Administered: On May 8, 2002, the Oklahoma Accountancy Board commenced the 159th examination of candidates for the CPA certificate and PA

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license in Oklahoma City and Tulsa. Official attendance lists reflecting the 871 candidates who sat for the CPA examination are on file in the Board office. Such lists include all candidates who were approved for this examination, even those who did not sit. In addition to its own candidates, the Board examined 14 candidates for other states.

Certificate Cancelled by Registrant's Request: CPA: Donald Lee Luker, Certificate No. 14317-R, issued December 11, 1998

Deceased Registrants: CPAs: Presley Simpson Ford, Jr., Certificate No. 505-R, issued July 26, 1947; Stephen Lisle Stark, Certificate No. 2881, issued January 26, 1973; Wendell Sugg, Jr. Certificate No. 1273, issued August 5, 1958.

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

Application for the Reinstatement of a CPA Certificate:

11810 Michael V. Hulsey

Adjournment: There being no further business to come before the Board, at 1:03 p.m. Chairman Honea called for a motion to adjourn.

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

Archer M. Honea, Chairman

ATTEST:

James A. Nickles, Secretary