OKLAHOMA ACCOUNTANCY BOARD

MINUTES OF MEETING AND HEARING

May 14, 2004

The Oklahoma Accountancy Board (OAB) convened in regular session on Friday, May 14, 2004 in Suite 269, 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:

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

In attendance at the meeting: Edith Steele, Executive Director and Kelly Brown, Deputy Director; Donita Graves, Jim Shepherd, and Paulina Coffman, Board staff members; Vicky Petete, CPA, Board Member Designate; David Kinney, Assistant Attorney General and Special Prosecutor for the Board; Daryl Hill and Rusty Hale representing the Oklahoma Society of CPAs; Jim Nolen representing the Oklahoma Society of Accountants. Jean-Marc Hache from OSF; Lisa Counts and Michelle O'Reilly from YourOklahoma; and Nora Xie, intern from Tom Dugger's office attended the meeting. Brian Henderson with Capitol News was also present for relevant segments of the meeting.

Call To Order: At 8:38 a.m. Chairman Johnson called the meeting to order and declared a quorum present. At his request, Executive Director Steele read the names of the visitors present.

Public Comment Period: Chairman Johnson asked Executive Director Steele if she had received any written requests or had been informed by any member of the public wishing to speak before the Board. She replied that she had not.

Announce the Senate confirmation for Board member nominee Vicky Petete: Executive Director Steele advised that Ms. Petete's appointment to the Board had been confirmed by the Senate to be effective July 1, 2004 and her appointment is in accordance with the Board's statute.

Consent Agenda: The Consent Agenda contained 3 items for the Board's consideration: (1) Approve the minutes of the March 19, 2004 Board meeting; (2) Ratify the list of furniture and equipment surplused by the Executive Director;

and (3) Ratify actions taken by the Executive Director on applications and registrations filed since the previous meeting.

Executive Director Steele noted that Appendix 1 of the minutes had not been included when the minutes were distributed for Board members' review. She distributed Appendix 1 at the meeting for review and any comments. She noted that Appendix 1 will be included in the minutes for March 19, 2004.

> Engelbach moved to approve the Consent Agenda; Dugger second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Nickles and Dugger. Nickles abstained from voting on the minutes since he was not present at the March 19, 2004 meeting.

Election of Board officers:

> Gray moved to nominate E.B. St. John as Secretary; Engelbach second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.
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> Volturo moved to nominate Jay Engelbach as Vice Chairman; Gray second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.
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> St. John moved to nominate Carlos Johnson as Chairman; Volturo second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

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

Administrative Consent Orders:

Case No. 1580 – Examination Candidate

On the Candidate for Examination Application, the candidate answered affirmatively to the question as to whether she had ever been arrested or charged with a crime. She submitted information that she had been arrested and charged with DUI on October 1, 2003. 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 beginning with the

effective date of this Order and ending six (6) months after the successful completion of all requirements of her criminal case. During the probation period, Respondent must annually and no later than June 30th of each year and with each application to sit for examination affirmatively report to the Board whether she has been charged with or convicted of a crime of any sort. Respondent will receive the CPA certificate and may apply for a permit to practice should she successfully pass the examination during the probation period.

Case No. 1581 – Examination Candidate

On the Candidate for Examination Application, the candidate answered affirmatively to the question as to whether he had ever been arrested or charged with a crime. He submitted information that he had been arrested and charged with trespassing on December 19, 2003. 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 beginning with the effective date of this Order and ending June 30, 2005. During the probation period, Respondent must annually and no later than June 30th of each year and with each application to sit for examination affirmatively report to the Board whether he has been charged with or convicted of a crime of any sort. Respondent will receive the CPA certificate and may apply for a permit to practice should he successfully pass the examination during the probation period.

Cases to close:

Case No. 1572-3 – Former registrant

Since 2002, the Board has sent numerous letters to the Respondent in this case in an attempt to gather his social security number as required by Oklahoma Statutes. No response has been received. The Assistant Attorney General was instructed to send a certified letter to further the attempt. After no response was received, charges for failure to respond to Board correspondence were filed. Subsequent to charges, the certificate of the Respondent was revoked for failure to renew the registration. The social security number is required on the application for reinstatement. Therefore, it is recommended by the Enforcement Committee that this case be dismissed without prejudice, allowing the refiling of charges in the future should the Respondent file for reinstatement and fail to furnish the social security number.

4531.

Investigative Files to Close:

File Nos. 1080-1, 2, 3, 4, 6, 8, 9, 10, 11, 12, 13, 14, 16, and 17 - Registrants

Investigations were opened as to whether these registrants were practicing public accounting without a permit to practice in connection with their employer. A letter was sent by the Assistant Attorney General requesting verification of employment through the information listed on W-2 forms. It was established that these individuals were not practicing public accounting, so the Enforcement Committee recommends these files be closed.

File No. 1097 – Non-registrant

Information came to the Board's attention that this individual listed "CPA" in an e-mail soliciting his company's on-line CPE courses. Subchapter 10:15-20-1 of the Oklahoma Administrative Code requires disclosure of licensure information on electronic means of communication if soliciting accounting services Although this was not a solicitation for accounting services, the individual agreed to display his licensure information. The Enforcement Committee recommends this file be closed.

File No. 1101 – Non-registrant

Information came to the Board's attention that this individual listed "CPA" on a capital-investment company's website. Subchapter 10:15-20-1 of the Oklahoma Administrative Code requires disclosure of licensure information on electronic means of communication if soliciting accounting services. Although this was not a solicitation for accounting services, the individual agreed to delete the CPA reference. The Enforcement Committee recommends this file be closed.

File No. 1108 – Former registrant

The former registrant filed an application to reinstate his CPA certificate. Information on the application indicated that he had been holding out and practicing public accounting in Oklahoma since February 2004 without any CPA certificate or permit to practice. The Executive Director was authorized to request further information as to why he did not apply for reinstatement prior to the commencement of public practice in Oklahoma. The former registrant responded to the inquiry with sufficient information to establish that he was not holding out or practicing public accounting. His response satisfied the Vice Chairman so the Enforcement Committee recommends this file be closed and the application for reinstatement be processed.

Files to be assigned to the Administrative Law Judge:

Subchapter 10:15-37-6(e) of the Oklahoma Administrative Code provides "Hearings will be conducted by one (1) of the following methods, ***as determined by the Board*** (emphasis added): … (3) By an attorney licensed to practice law in this state appointed by the Board to act as a hearing examiner or Administrative Law Judge."

The Vice Chairman recommends the following case be heard before the Administrative Law Judge:

Case No. 1582

> Engelbach moved to approve the Administrative Consent Orders on Case Nos. 1580 and 1581; St. John second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.
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> Gray moved to close Case No. 1572-3 as recommended by the Vice Chairman; Nickles second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.
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> Engelbach moved to close File Nos. 1080-1, 1080-2, 1080-3, 1080-4,1080-6, 1080-8, 1080-9, 1080-10, 1080-11, 1080-12, 1080-13, 1080-14, 1080-16, 1080-17; File No. 1097; File No. 1101, and File No. 1108; Dugger second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.
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> Engelbach moved to assign Case No. 1582 to the Administrative Law Judge; Volturo second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

Discuss and Act on Whether to Renew the FY2005 Contract with the Attorney General's Office for One Full Time Assistant Attorney General to Assist the Board with Legal and Administrative Duties: Mr. Nickles asked if there had been a substantial decrease in attorney fees paid by the Board since hiring a full time attorney from the Attorney General's Office. Executive Director Steele commented in the fiscal year before last, Rick Chamberlain had been paid over $100,000 but added that she did not have the exact figures available. Chairman Johnson asked if Mr. Chamberlain had been assigned any new cases. Ms. Steele replied that he had not.

Mr. Nickles asked why the amount of the contract was not included in this agenda item for discussion. Chairman Johnson explained that the amount had not been submitted to the Board due to the legislature's passage of recent salary increases and the legislature is still in session.

> Nickles moved to enter into the contract with the Office of the Attorney General for one full time Assistant Attorney General and when the amount has been finalized bring the contract back to the Board for final approval; Volturo second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

Discuss and Act on Whether to Renew the Contract for FY2005 for Rick Chamberlain, Attorney: Vice Chairman Engelbach explained the purpose for contracting with Rick Chamberlain was in the event there are cases which the Assistant Attorney General cannot handle because of possible conflict of interest issues. Mr. Nickles asked why there were open cases with Mr. Chamberlain. Vice Chairman Engelbach replied that these cases were still pending. Ms. Gray asked about Mr. Chamberlain's caseload with the Board. Assistant Attorney Kinney replied that Mr. Chamberlain was presently handling three cases for the Board.

> Engelbach moved to renew the contract of Rick Chamberlain, Attorney; Gray second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

Discuss and Act on Whether to Renew the Contracts for FY2005 for Mike Crawford, CPA, Investigator; Harry Potter, CPA, Investigator; Libby Thomas, CPA, Investigator; Jim Denton, CPA, Investigator; and Jimmy Williams, CPA, Investigator: Secretary St. John asked why the rates were different for the investigators. Chairman Johnson explained that the investigators have different areas of expertise.

Chairman Johnson directed the Board staff to include in its *Bulletin* an announcement seeking investigators and requesting that any interested parties submit proposals with their qualifications. He urged that such an announcement be in a *Bulletin* prior to the Board's May 2005 Meeting. He added that if the Vice Chairman needs specific expertise on a case, he/she be allowed to obtain that expertise within the spending limits of the Executive Director. Mr. Dugger noted that it had been the policy of the Board in the past for the Vice Chairman to submit names to be considered by the Board for such needed expertise. He

cited the examples of CPA Investigators Libby Thomas and Jimmy Williams being contracted by the Board.

> Engelbach moved to approve the contracts for Mike Crawford, CPA, Investigator; Harry Potter, CPA, Investigator; Libby Thomas, CPA, Investigator; Jim Denton, CPA, Investigator; and Jimmy Williams, CPA, Investigator; Nickles second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

Discuss and Act on Whether to Renew the Contract with Doug Price, Attorney/CPA to Act as the Board's Administrative Law Judge:

> Nickles moved to renew Mr. Price's contract as Administrative Law Judge for the Board; Dugger second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

Discuss and Act on Professional Services Contract with the Accounting Firm of Finley & Cook, P.L.L.C. to Perform an Audit on the Board's FY 04 Financial Statements at a Cost not to Exceed $12,500: Chairman Johnson noted that the Board has been given permission from the State Auditor's Office to retain Finley & Cook, P.L.L.C. for a two-year period subject to the approval of the Board. He stated that the rate would be the same and there would be no fee increase.

Mr. Nickles questioned whether last year's fee from Finley & Cook included the State Auditor's restatement of the preceding year's financial statements. Chairman Johnson explained that the Board hired Mike Crawford's firm to prepare the Board's financial statements and added that Finley & Cook audited those statements. Mr. Nickles stated that he believed the cost of having Finley & Cook perform the audit was excessive.

Ms. Gray asked if Mike Crawford's firm would be preparing the Board's financial statements again this year. Chairman Johnson replied that the Board's Deputy Director will be preparing them. Ms. Gray explained that there can be a difference in the cost of a proposal submitted by a firm when the financial statements have been prepared internally or when they have been prepared professionally. Mr. Nickles noted that the Board's financial statements had always been prepared internally in the past. Chairman Johnson responded that if outside assistance is needed to prepare the Board's financial statements, this issue will be brought back to the Board for discussion and approval.

4535.

Chairman Johnson stated that he, Vice Chairman Engelbach and Member Gray had reviewed the proposal submitted by Finley & Cook, P.L.L.C. Vice Chairman Engelbach added that the firm would be performing the audit at the blended rate of $80 per hour.

> Engelbach moved to approve the proposal from Finley & Cook, P.L.L.C. for the audit for the year ending June 30, 2004 not to exceed $12,500 at the blended rate of $80 per hour and that the Executive Director will monitor the hours; Gray second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, and Dugger. Abstained: Nickles.

Case No. 1550 – Hearing in the Matter of Jeff Lee Detwiler, CPA and Jeff L. Detwiler & Associates: This matter came on for hearing at 9:14 a.m. The members of the Oklahoma Accountancy Board present were seated on the hearing panel. Assistant Attorney General David Kinney offered a Consent Order with the following terms: (1) Detwiler violated Sections 15.11(A) and 15.11(G) of the Oklahoma Accountancy Act; OAC 10:15-39-8(a) and OAC 10:15-39-9(1), and shall immediately cease and desist from any further or future violations of these sections; (2) Associates violated Sections 15.11(B), 15.15(A), and 15.15A(A) of the Oklahoma Accountancy Act, and shall immediately cease and desist from any further or future violations of these sections; (3) Jeff L. Detwiler & Associates will discontinue practice as a CPA firm or holding out as a CPA firm unless and until all requirements of the Act and the Board Rules are met; (4) Respondents are hereby assessed the costs of this proceeding in the amount of $290.22; (5) Respondents are assessed a fine in the amount of $225.00; (6) A proven violation of this Consent Order, the Act, or the Board's Rules authorizes the Board to take such other and further action as the Board may deem appropriate under the Law; (7) Respondents and the Board acknowledge that the Board has stated for the record that all violations of the Act or the Board's Rules are viewed as very serious in nature. Any further violations by Respondents will be grounds for the Board to convene a hearing to determine Respondents' eligibility to retain any Certified Public Accountant's certificate, license and/or permit to practice public accounting which may, at that time, be held by the Respondents; and (8) A copy of this Consent Order shall be on file in the Board's office and shall be made available to any person who inquires and requests access to the Board's records. Further, notice of these proceedings shall be reported by press release and in the Board's Bulletin, and as otherwise deemed appropriate by the Board.

Respondent was not present nor represented by counsel. No witnesses were called by the State.

Ms. Gray expressed concern about the validity of the audit performed and posed the question of whether the client has knowledge that another audit may have to

be performed. Assistant Attorney General Kinney responded that there are jurisdictional considerations since the client is a sovereign Indian tribe and added that the tribe is aware that the audit will need to be reissued. Ms. Gray also raised the issue of whether the Respondent had been through a peer review. She questioned whether the Board had the authority to require re-issuance of an audit report. Mr. Dugger responded in the affirmative.

Secretary St. John asked if this audit had been the only public accounting work performed by the Respondent's firm. Assistant Attorney General Kinney responded in the affirmative. Chairman Johnson directed Assistant Attorney General Kinney to follow up with Mr. Detwiler and the client. Executive Director Steele stated that the firm must register with the Board or register as a d/b/a. Ms. Gray urged that the Respondent firm be required to provide a peer review report to the OAB.

> Nickles moved to accept the Consent Order in Case No. 1550; St. John second. Affirmative votes: Volturo, Johnson, Engelbach, St. John, Dugger and Nickles. Negative vote: Gray.
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> Nickles moved to adjourn the hearing; Gray second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

The proceedings and the individual votes of the members were conducted in open session. The evidence is contained in Docket File No. 1550.

Case No. 1560 – Hearing in the Matter of David E. Webb & Company, Inc., Non Registrant: This matter came on for hearing at 9:53 a.m. The members of the Oklahoma Accountancy Board present were seated on the hearing panel. Assistant Attorney General David Kinney offered a Consent Order with the following terms: (1) Respondent has violated Section 15.11(B), 15.15(A), and 15.15A(A) of the Oklahoma Accountancy Act and shall immediately cease and desist from any further or future violations of these sections; (2) David E. Webb & Company, Inc. will discontinue practice as a CPA firm until all requirements of the Act and the Board Rules are met; (3) Respondent is hereby assessed the costs of this proceeding in the amount of $227.04; (4) Respondent is hereby assessed a fine in the amount of $250.00; (5) A proven violation of this Consent Order, the Act, or the Board's Rules authorizes the Board to take such other and further action as the Board may deem appropriate under the Law; (6) Respondent and the Board acknowledge that the Board has stated for the record that all violations of the Act or the Board's Rules are viewed as very serious in nature; and (7) A copy of this Consent Order shall be on file in the Board's office and shall be made available to any person who inquires and requests access to the Board's

records. Further, notice of these proceedings shall be reported by press release and in the Board's Bulletin, and as otherwise deemed appropriate by the Board.

Respondent was not present nor represented by counsel. No witnesses were called by the State.

> Gray moved to accept the Consent Order as presented; Dugger second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.
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> Nickles moved to adjourn the hearing; Dugger second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

The proceedings and the individual votes of the members were conducted in open session. The evidence is contained in Docket File No. 1560.

Discuss and Act on Request from NASBA for Nominations to Serve on the Board of Directors and as Regional Directors: Chairman Johnson noted that Member Dugger had been nominated for a position on the Board of Examiners. Chairman Johnson asked whether any member of the Board wished to be nominated for a Director-At-Large position on the Board of Directors. No Board members responded.

Chairman Johnson commented that Billy Atkinson, Chairman of the Texas Board, had been nominated to serve as Director At Large and the vote will be at NASBA's annual meeting held in the fall. He noted that the current Regional director, Mark Harris, is eligible for a second term and that the Louisiana Board is submitting his name to serve for a second term.

Designate Voting Representative and Alternate for NASBA Western Regional Meeting June 16-18, 2004:

> Dugger moved that Board Chairman Johnson and Board Vice Chairman Engelbach be designated as the voting representative and alternate respectively; Nickles second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

Discuss and Act on Proposed Policy Concerning the Release of Scores from the Computer Based CPA and PA Examination: Executive Director Steele addressed the issue of the grades being received on a quarterly basis with the launch of the CBT examination. She explained the processing of posting the grades on the Board's database once these have been received by NASBA

from the AICPA. She addressed the proposed policy that the grades be marked as unofficial until such time as the Board meets and certifies the grades. She noted that other professional examinations use a similar system for grade posting.

Mr. Nickles asked if there was a way to prevent the grades from being posted on the Board's database. Ms. Steele replied that such an alternative would require extensive modification to the Board's current databases and portal and that such modifications could pose significant expense to the Board. Mr. Nickles asked what other state boards were doing on this issue. Ms. Steele explained that the Board's database has been designed for its needs and that most states do not have the means for candidates to be able to review their grade history online.

Ms. Gray asked if there had been any errors in the grades in the past. Ms. Steele explained that if a grade had been changed in the past, it was the result of a candidate's request for a review of papers and that historically, the grade was increased. Mr. Dugger commented that if the candidates know their grades, it will give them more time to study. He noted that marking the grades as unofficial would be the lowest cost option.

Vice Chairman Engelbach asked about the frequency of the grades being certified by the Board. Ms. Steele replied that she had been advised by NASBA and the AICPA that the grades will be released by the end of June. She explained that in the near future, grades may be released on a monthly basis.

> Gray moved to accept staff's recommended policy for CBT scores release with the addition of the verbiage that documentation be maintained of the review of the grades by the Executive Director and the Deputy Director before the posting of the grades to the Board's website and the grades will be noted as unofficial and that such notation will be highlighted, capitalized, and will be in bold print or in a color different from the rest of the text; Volturo second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

OKLAHOMA ACCOUNTANCY BOARD
POLICY FOR CBT SCORE RELEASE

The scores will be posted to the candidate database in an unofficial capacity. A disclaimer will be added to the website to state "Scores of examinations are unofficial until the Oklahoma Accountancy Board has ratified the scores and official written notice has been received by the candidate from the OAB." The

staff will then be able to verify and process the scores for Board ratification at the next scheduled meeting.

Discuss and Act on Proposed Guidelines Policy and Forms Developed by the Experience Verification Committee: Mr. Dugger addressed the forms being presented to the Board for its review. He explained that in a meeting between the Experience Verification Committee and staff, it was determined that the emphasis should be on the verifiability of the time period and the hours reported. He explained the checklist system which will be implemented. He addressed the relationship issue between the verifier and the applicant. He noted that experience verification forms will require a signature. He proposed that at the present time, the Board will be given a copy of the internally prepared worksheet at each meeting but at a later time, such copies will be made available upon request from any Board member. Chairman Johnson suggested the inclusion of the verifier's certificate number on the worksheet.

Mr. Nickles asked about the denial process. Mr. Dugger explained that applicants whose experience has been denied by the Board will be entitled to an appeal. Ms. Gray asked if the Board will be provided with a list of those applicants whose experience had been approved and denied. Mr. Dugger responded in the affirmative. Chairman Johnson recommended that the Board see experience forms filed by the applicants for a period of time.

Mr. Dugger stated that the Board will be required to approve non-registrants before their experience verification can be approved. Ms. Gray asked if the staff would maintain a list of non-registrant verifiers approved by the Board. Mr. Dugger responded in the affirmative and added that under the proposed policy, some non-registrants can be approved as a staff function.

Ms. Gray questioned whether the Experience Verification Committee will review the experience verification forms prior to their being presented to the Board. Chairman Johnson responded in the affirmative. Ms. Gray asked if the Committee will provide recommendations to the Board for approval or denial of an applicant's experience. Mr. Dugger responded in the affirmative.

As a result of the discussion, the Board members were in agreement to use the proposed forms on a going-forward basis but if it is found that changes to the forms need to be made, such changes will be forwarded to the Experience Verification Committee and to the Executive Director.

Mr. Dugger addressed the proposed policy and added that the policy, if adopted, will give the staff flexibility and save the Board time. He added that the staff can always defer to the Experience Verification Committee if needed.

Chairman Johnson proposed that the Board needed additional time to consider the forms and the proposed policy and that formal consideration be deferred until the Board's next meeting.

Review and Act on Experience Evaluation Committee's Recommendation of Verified Experience for Successful Candidates' Certification: Executive Director Steele explained the certification process once the Board approves an applicant's experience and stated that the certificate will bear the date of the Board Meeting. Chairman Johnson commented that in the future the Presentation Ceremony for a CPA Certificate will be a Recognition Ceremony of Candidates passing the CPA Examination.

> Dugger moved to approve individuals listed in Agenda Item 10c; Engelbach second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

Information Technology Report: Information Technology (IT) Director Jim Shepherd referenced the report he distributed to the Board. He addressed the problems encountered with the launch of online registration as being the same as encountered last year. He explained the cause of the problems and added that the issues had been corrected. He noted that more stringent guidelines for testing are being adopted. Chairman Johnson expressed great concern of the Board's software being overwritten without knowledge of the Board staff. He emphasized that the Board's portal system needs to work the same way every day. Ms. Gray asked if registrants who encountered problems registering online had been notified. Mr. Shepherd responded in the affirmative.

Chairman Johnson noted that the convenience fee now being charged by the Board will help to recover the costs of portal maintenance. Chairman Johnson stated that the Board is charging less than it could have charged for a convenience fee and the convenience fee had been approved by OSF and the Internet Review Board. Ms. Steele added that extensive monitoring will be conducted by the staff with relation to the convenience fee as to cost versus revenue and that a report of these statistics will be presented to the Board and the Internet Review Board in December.

Director's Report: Executive Director Steele stated that the Board's rules had been approved by the Governor on May 5th. She referenced the CPE Audit Report distributed to the Board. She noted that the Board had received 301 applications for the CPA examination, including 9 initial applications, and 18 candidates have sat for 19 parts of the CBT examination. She commented that she expected the number to rise with May graduates and the opening of a new testing window in July. She explained that through the Board's Outreach Program, the Board staff has visited ten campuses since January and that the

feedback was positive. She mentioned that she had been appointed to a seven-member task force comprised of Executive Directors for the Accounting Licensing Database (ALD) and that its first meeting will be in Orlando, Florida on June 23rd.

Ms. Steele concluded her report by saying that she had not received any information on Member Dugger's nomination for the Board of Examiners and that a PLLC listed on the Activity List from the previous Board Meeting was found to be duly registered and in good standing in the State of Utah.

Renewal of Rick Chamberlain's Contract Revisited: Returning to a question asked by Mr. Nickles under a previous item, Ms. Steele stated Rick Chamberlain received $84,539 in FY01, $102,604 in FY02, $74,980 in FY03 in addition to the part-time attorney from the Attorney General's Office at the cost of $36,500. She added that in the current fiscal year, the Board had paid $16,083 to Rick Chamberlain, $81,000 to the Attorney General's Office, and $1,400 to the Administrative Law Judge. Chairman Johnson noted that this was a decrease in previous legal costs incurred by the Board.

Review of Experience Evaluation Revisited: Ms. Gray asked if the individuals applying for a CPA Certificate based on the one-year experience requirement from the previous meeting had been approved. Mr. Dugger replied that those two applications which had been unresolved at the previous Board meeting had since been resolved by the Experience Committee. He recommended adding Richard Wayne McCullough and Aichoo Wong to the record of those approved for CPA Certificates.

Chairman Johnson asked for an amended motion to this item on the Agenda.

> Dugger moved that as a result of the discussion, the previous motion regarding Item 10c, for the Experience Evaluation Committee's recommendation of verified experience for successful candidates' certification be amended to include Richard Wayne McCullough and Aichoo Wong for certificates as related to experience; Gray second. Engelbach accepted the amendment. Affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John, Dugger and Nickles.

Chairman's Report: Chairman Johnson announced that a committee had been appointed to review documents related to Peer Review to determine which of these documents are considered to be public domain. He stated that Mr. Volturo is chairman of that committee. Mr. Volturo reported that a meeting of the

committee had been scheduled for the upcoming Monday with the State Auditor and Inspector.

Chairman Johnson explained the need for the committee stemmed from two accounting firms receiving adverse peer review reports on audits of school districts. He mentioned that among the purposes of this committee is to evaluate the communications process between agencies regarding such matters in addition to evaluating the registration process as it relates to those practitioners on the auditor's list maintained by the Board.

Ms. Gray asked if the list "Independent Auditors Registered To Perform Audits Of Government Entities" is still on the Board's website and if the disclaimer had been added that the Board is not endorsing any of the firms listed on the auditor's list. Mr. Shepherd replied that he and Assistant Attorney General Kinney were still working on the disclaimer verbiage. Chairman Johnson directed the Executive Director to make available a copy of the statute regarding oversight of the list of independent auditors registered to perform audits on government entities. Mr. Volturo commented that among the issues to be addressed by the committee will be independence under the new Yellow Book rules and whether the Board or the State Auditor's Office is charged with overseeing the list "Independent Auditors Registered To Perform Audits Of Government Entities" and compliance with the Government Auditing Standards.

Chairman Johnson addressed the issue of risk management as it relates to the Board's computer systems. He explained that the IT Division of the Office of State Finance and the Department of Human Services have gone through a Request for Proposal process for contracting with a firm to perform a risk management review of their agencies' (IT) functions. He stated that Joseph Fleckinger, Executive Director of the IT Division of the Office of State Finance, contacted Tom Jaworsky, Director of Central Purchasing, about including the Board in the contract and that Director Jaworsky approved. Chairman Johnson added that part of the risk management would be a review of the Board's portal system. He noted that the cost of the firm performing the risk management assessment would be less than $10,000, which is within the Executive Director's spending authority. He urged the Board to move forward with this assessment and that if it were to exceed $10,000, it would come before the Board.

Mr. Nickles asked how often a risk management assessment would need to be conducted on the Board's computer systems. Chairman Johnson replied that based on recent security issues encountered by the Board, an assessment should be performed annually. He added that he would look to the Division of IT of Office of State Finance to provide recommendations as to the frequency of these assessments. He suggested that if it were to be conducted on an annual basis, it should be completed prior to May 1st when online registration is launched.

Mr. Volturo questioned the reliability of the risk management assessment. Mr. Jean Marc Hache from the Office of State Finance explained that the Office of State Finance is contracting to have its entire system assessed and that this assessment does not include each state agency. Secretary St. John asked whether this assessment comes with a guarantee. Chairman Johnson replied that there are no guarantees offered but a report will be presented to the Board. He stated that the need for this risk management assessment is an emergency and that it can performed as early as next week.

Chairman Johnson introduced Board Member Designate Vicky Petete. He commented that SB 1488 had passed and was signed by the Governor to become effective November 1. He urged that the Board begin the process of developing rules as soon as possible. He directed the Executive Director to list issues for Board consideration which need to be included in the Board's rules to be in compliance with SB 1488.

Chairman Johnson addressed the status of HB 2006. He noted that the bill had passed in the House and had been forwarded to the Senate and is waiting to be appointed to a conference committee.

Next Meeting Date Announced: The next Board Meeting is scheduled for 8:30 a.m., June 25, 2004 in Conference Room 269 at the Lincoln Office Plaza in Oklahoma City.

New Business: Mr. Dugger recognized Nora Xie, an intern from his firm who attended the Board meeting.

Ms. Gray commented on the NASBA CPE Committee tele-conference she had participated in yesterday, May 13th. She explained that NASBA's CPE Committee proposed requiring nine hours in Ethics and that these hours would be in the form of college courses with three hours taken in general ethics in the first two years of college, the second course in business related ethics taken in the last two years, and the third course taken in the field of Accounting Ethics. She noted that such a proposal will likely be met with resistance among educators due to the cost of implementation since current curriculums do not meet these requirements.

She explained that another recommendation from the CPE Committee involved the issue of whether or not to require specific courses to be included in the 150 hour requirement. She commented that she had voted yes to the nine hour Ethics proposal which will be presented before the NASBA Board of Directors.

Certificate Cancelled by Registrant's Request: **CPA:** Robert Michael Beam, Reciprocal Certificate No. 13989-R issued September 19, 1997. Reason for Cancellation: SE

Deceased Registrants: **CPAs:** Daniel Richard Beard II, Certificate No. 12190, issued July 30, 1993; Mack Edward Clarke, Certificate No. 808, issued January 22, 1952; Lewis Norton Fentem, Certificate No. 734, issued January 21, 1951; Leon Thomas Hartz, Certificate No. 1160-R, issued October 20, 1956; Byron Lowell Moore, Certificate No. 1010, issued January 22, 1955; Sandra W. Reavis, Certificate No. 12656-R, issued April 22, 1994; John Dickson Schuler, Certificate No. 966, issued July 26, 1954; Rick Martin Stahl, Certificate No. 4008, issued January 24, 1977; Michael W. Walker, Certificate No. 13966, issued August 4, 1997; Gene E. Wilson, Certificate No. 1046, issued January 22, 1955.

Dissolved Firm: **CPA Corporation:** McGann and Associates, P.C.

Applications and Registrations Approved:

The following individuals passed the November 2003 CPA Examination and have applied for a CPA Certificate. They have met the one-year experience and have been approved by the Board.

15926 Richard Wayne McCullough
15927 Aichoo Wong
15928 Kyle Matthew Stewart
15929 Nicole Wojick

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

Applications for Reciprocal Certificates:

15930-R Kenneth B. Baker
15931-R Charisse Ann Dye
15932-R Julie E. Kramer-McNatt
15933-R Ed J. Lynch
15934-R Richard C. Muse
15935-R Thomas Edward Unke
15936-R Alan Shane Wells

Applications for Substantial Equivalency:

Robert Michael Beam (Texas)
Matthew John Claeys (Minnesota)
Laurie J. Espinosa (Texas)
Cynthia Ann Keith (Texas)
Jerry W. Orr (Arkansas)
Christopher L. Patton (Texas)
Glen G. Post (New Mexico)

4545.

Luther Ceasar Speight (Louisiana)
James Kenneth West Jr. (Texas)

Applications for Reinstatement of CPA Certificates:

2161	Norman D. Pool
3177-R	James Michael Kelly
12459	Kay Cobb Kittleman

Initial Registrations of CPA Limited Liability Partnerships:

Clifton Gunderson LLP (Delaware)
Deloitte Tax LLP (Delaware)
Helin, Donovan, Trubee & Wilkinson, LLP (Texas)

Initial Registrations of CPA Professional Corporations:

Beemer, Pricher, Kuehnhackl, and Heidbrink, P.A. (Florida)
Sandra D. Newman, C.P.A., P.C.
Turner-Braun & Company PC
Welema Greer CPA, P.C.

Initial Registrations of CPA Professional Limited Liability Companies:

Dixon Hughes, PLLC
Gregory L. Magill CPA PLLC
Wright Resources International P.L.L.C.

Adjournment: There being no further business to come before the Board, at 11:47 a.m. Chairman Johnson adjourned the meeting.

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Carlos E. Johnson, Chairman

ATTEST:

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E. B. St. John, Secretary