OKLAHOMA ACCOUNTANCY BOARD

MINUTES OF MEETING AND HEARING

March 23, 2007

The Oklahoma Accountancy Board (OAB) convened in regular session on Friday, March 23, 2007 in Suite 20, 4545 N. Lincoln Boulevard, Oklahoma City, Oklahoma. A tape recording of the meeting is on file in the OAB office. Members present at the meeting:

Janice L. Gray, CPA, Chair
Tom Volturo, Representing the Public, Vice Chairman
Vicky Petete, CPA, Secretary
J.H. "Jay" Engelbach, CPA, Member
Carlos Johnson, CPA, Member
E.B. St. John, PA, Member

Also in attendance at the meeting: Staff: Edith Steele, Executive Director, Kelly Brown, Deputy Director; Donita Graves and Colin Autin, Board staff members; Guests: Patty Hurley representing the Oklahoma Society of Certified Public Accountants (OSCPA); Peggy Johnson, Lee Weeden, Jim Nolen and Kellie Gowdy representing the Oklahoma Society of Accountants (OSA); Heather Warlick with Capitol Network News; Assistant Attorney General John Crittenden; Brett Willis, Special Prosecutor for the OAB; and Monty Rainwater, Respondent were also present for relevant segments of the meeting.

Agenda Item #1a -- Call To Order: At 8:42 a.m. Chair Gray called the meeting to order.

Agenda Item #1b -- Declaration of Quorum: Chair Gray declared a quorum.

Agenda Item #1c – Announcement of Legal Meeting Notice: Executive Director Steele confirmed the 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 OAB's office and outside the building and meeting room in compliance with the Open Meeting Act.

Agenda Item #1d – Announcement of Absences and Action, if Necessary, to Determine Whether Absence(s) Was Unavoidable Pursuant to Title 59, Section 15.3.B.5: Chair Gray noted Member Biswell's absence. Due to his absence being unavoidable, his absence was declared excused.

Agenda Item #2 – Announcement of Visitors: Executive Director Steele read the names of the visitors present.

Agenda Item #3 – Public Comment Period: Executive Director Steele advised the OAB she had not received any written requests or had been informed by any member of the public wishing to speak before the OAB.

4897.

Agenda Item #4 – Consent Agenda: The Consent Agenda contained 6 items for the OAB's consideration. (1) Approve the minutes of the January 26, 2007 OAB Meeting; (2) Ratify the verification of the administrative posting to the OAB's records and certification of scores for Window 1/2007 Examination (Jan – Feb 2007); (3) Ratify accommodations for examination candidate under the Americans with Disabilities Act; (4) Ratify amended Attorney General Contract for FY 2007; (5) Ratify verified experience of successful candidates for certification; (Appendix 1) and (6) Ratify actions taken by the Executive Director on applications and registrations filed since the previous meeting. (Appendix 1)

With regard to the January meeting minutes related to the discussion on the hiring of additional investigators to assist the enforcement committee, Member Johnson advised the OAB that he believed he abstained from the vote since he and Mr. Todd Lisle had been partners at one time. Chair Gray recommended the staff listen to the tape of the January meeting for confirmation.

> Johnson moved the Consent Agenda be approved, including the minutes, subject to clarification by review of the tape as to whether or not he abstained; Petete second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Agenda Item #6 – Discuss and Act on Recommendations by the Enforcement Committee: Vice Chairman Volturo presented a written summary of investigative files and administrative actions taken, with recommendations for the disposition of each.

> Volturo moved to approve the Administrative Consent Orders in Case Nos. 1655, 1659, 1661, 1662, and 1663; Engelbach second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.
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> Volturo moved to close File Nos. 1245, 1265, 1313, 1339, 1340, 1341, 1342, 1345, and 1346; Engelbach second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Vice Chairman Volturo noted that there are no files to be assigned to the Administrative Law Judge.

Administrative Consent Orders:

Case No. 1655 – James L. Ridley CPA

On the biennial registration filed with the OAB, Respondent attested to practicing public accounting or serving Oklahoma clients; however, Respondent failed to renew the permit to practice or notify the OAB that Respondent no longer practices public accounting. Subsequent to notice of violation of the Oklahoma Accountancy Act and

the Oklahoma Administrative Code (Board's Rules), the Respondent notified the OAB of an employment status which does not require a permit. An Administrative Consent Order is being offered in this case which provides for immediate cease and desist from any further or future violations of these acts, assessment of a fine in the amount of $500 and the CPA certificate is placed on probation immediately for a period of two years. In addition, any failure of Respondent to comply with any of the terms of this ACO shall result in an immediate hearing before the OAB. A proven violation of the ACO, the OAA, or the Board's rules authorizes the OAB to take such other and further action as the OAB may deem appropriate under the Act.

Case No. 1659 – Fred Michael Strothmann, CPA

On the Respondent's 2006 permit application, Respondent attested to performing audits and the first engagement was dated December 31, 2004. However, Respondent failed to notify the OAB with proof of enrollment in an OAB approved sponsoring organization within one year of the performance of services that require a peer review. An ACO is being offered in this case which provides that Respondent will cease and desist from any further or future violations of these acts, Respondent's CPA certificate is immediately placed on probation for a period of two years, assessment of a fine in the amount of $2,500, costs in the amount of $485 and successful completion of the AICPA Ethics Examination with a score of 90 or more within six months of the effective date of the ACO. Respondent is currently enrolled in an OAB approved sponsoring organization's peer review program and must provide a copy of the accepted peer review report within ten days of receipt from the sponsoring organization but if the opinion is modified or adverse, the Respondent must schedule an accelerated peer review within ninety days of receipt of the report to the OAB's office. In addition, any failure of Respondent to comply with any of the terms of this ACO shall result in an immediate hearing before the OAB. A proven violation of the ACO, the OAA, or the Board's rules authorizes the OAB to take such other and further action as the OAB may deem appropriate under the Act.

Case No. 1661 – Bruce Keith Compton, CPA

On the Respondent's 2006 permit application, Respondent attested to performing an audit on April 1, 2005. However, Respondent failed to notify the OAB with proof of enrollment in an OAB approved sponsoring organization within one year of the performance of services that require a peer review. An ACO is being offered in this case which provides that Respondent will cease and desist from any further or future violations of these acts, Respondent's CPA certificate is immediately placed on probation for a period of two years, assessment of a fine in the amount of $2,500, costs in the amount of $485 and successful completion of the AICPA Ethics Examination with a score of 90 or more within six months of the effective date of the ACO. In addition, any failure of Respondent to comply with any of the terms of this ACO shall result in an immediate hearing before the OAB. A proven violation of the ACO, the OAA, or the Board's rules authorizes the OAB to take such other and further action as the OAB may deem appropriate under the Act.

4899.

Case No. 1662 – George Arthur Gross, CPA

On the Respondent's 2006 permit application, Respondent attested to performing audits and attested to having a peer review performed for the year ended October 30, 2003. However, Respondent failed to submit the report as required by Board Rule and failed to respond to the OAB within thirty days. Respondent has subsequently provided evidence of successful completion of the AICPA Ethics Examination, provided all documents from the October 2003 peer review and is currently enrolled in an OAB approved sponsoring organization's peer review program. An ACO is being offered in this case which provides that Respondent will cease and desist from any further or future violations of these acts, assessment of a fine in the amount of $1,000, costs in the amount of $485 and must provide a copy of the 2006 accepted peer review report within ten days of receipt from the sponsoring organization. In addition, any failure of Respondent to comply with any of the terms of this ACO shall result in an immediate hearing before the OAB. A proven violation of the ACO, the OAA, or the Board's rules authorizes the OAB to take such other and further action as the OAB may deem appropriate under the Act.

Case No. 1663 – Tony Ray Minert, CPA

On the Respondent's 2006 permit application, Respondent attested to performing audits and the first engagement was dated March 31, 2005. However, Respondent failed to notify the OAB with proof of enrollment in an OAB approved sponsoring organization within one year of the performance of services that require a peer review. Subsequently, on August 1, 2006, Respondent enrolled in an OAB approved sponsoring organization peer review program and on October 23, 2006 they accepted a modified peer review report for the year ended June 30, 2006. An ACO is being offered in this case which provides that Respondent will cease and desist from any further or future violations of these acts, Respondent's CPA certificate is immediately placed on probation for a period of two years, assessment of a fine in the amount of $2,500 and costs in the amount of $485, successful completion of the AICPA Ethics Examination with a score of 90 or more within six months of the effective date of the ACO, and Respondent will schedule an accelerated peer review with an OAB approved sponsoring organization within ninety days of the effective date of the ACO. In addition, any failure of Respondent to comply with any of the terms of this ACO shall result in an immediate hearing before the OAB. A proven violation of the ACO, the OAA, or the Board's rules authorizes the OAB to take such other and further action as the OAB may deem appropriate under the Act.

Files to Close:

File 1245 – Non-Registrant

This file was opened when it was discovered that the company's web address contained the word "audits". As authorized by the Enforcement Committee (EC) the Executive Director corresponded with the company that the domain name contained verbiage in violation of Section 15.11 of the Oklahoma Accountancy Act (OAA). Staff has since monitored the web address and recently discovered that the domain name is no longer in use so the EC recommends the file be closed.

File No. 1265 – CPA firm

On the firm's renewal, it reported that the certificate of one of the partners was revoked in another state for failure to obtain the required number of approved CPE hours. This same partner's Oklahoma certificate was revoked for failure to renew the registration. As instructed by the EC, the Executive Director corresponded with the firm concerning this issue. The firm responded that the partner would be serving Oklahoma clients under practice privileges. However, because the partner's Oklahoma certificate was revoked the EC determined that the certificate would need to be reinstated. Subsequently, the firm notified the OAB that the partner would not be serving Oklahoma clients until such time as the certificate and permit to practice is reinstated. The EC recommends the file be closed.

File No. 1313 – CPA

A complaint was filed claiming the CPA mishandled a trust. The EC assigned the file to an investigator. The investigator reported that although there appeared to be a disagreement between the CPA and the complainant regarding the manner in which the duties were performed, no violations of the OAA or Board Rules were observed. The EC recommends the file be closed.

File No. 1339 – Non-Registrant

A complaint was filed that the non-registrant was being held out in the Claremore Yellow Page section under "Accountants-Certified Public". As authorized by the EC, a cease and desist letter was issued by certified mail. The non-registrant responded and verified that all requirements in the cease and desist letter were met so the EC recommends the file be closed.

File No. 1340 – Non-Registrant

A complaint was filed that the non-registrant was being held out in the Claremore Yellow Page section under "Accountants-Certified Public". As authorized by the EC, a cease and desist letter was issued by certified mail. The non-registrant responded and verified that all requirements in the cease and desist letter were met so the EC recommends the file be closed.

File No. 1341 – Qualification Applicant

The applicant self reported on the qualification application three separate arrests of Driving While Intoxicated. These arrests all happened over 15 years ago and no further incidents have occurred since that time. The EC recommends the file be closed.

File No. 1342 – Qualification Applicant

The applicant self reported on the qualification application a charge of DUI/traffic accident in August 1999; no further incidents have occurred since that time. The EC recommends the file be closed.

File No. 1345 – CPA Firm

When an applicant for reciprocity revealed employment with the CPA firm since January 2006 without properly registering with the OAB, the EC requested the Executive Director to correspond with the firm. The firm responded with details outlining the internal controls now in place to avoid this violation in the future so the EC recommends the file be closed.

File No. 1346 – Reciprocal Applicant

When an application for reciprocity was filed in January 2007, staff noted the applicant had been employed with a CPA firm since January 2006 without properly registering with the OAB. As instructed by the EC, the Executive Director corresponded with the applicant for an explanation as to the circumstances which delayed the filing of the application. The applicant's explanation satisfied the EC so it recommends the file be closed.

Agenda Item #7a – Discuss and Act on Approval of Contract for Jim Williamson, CPA as a Member of the Peer Review Committee: Chair Gray noted for the record that upon review of Mr. Williamson's credentials by the OAB's Peer Review Oversight Committee, it was determined that he was very familiar with the peer review process and that he had even written peer review processes for government.

> Johnson moved to approve; Volturo second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Case No. 1660 – Show Cause Hearing in the Matter of the Application to Reinstate the CPA Certificate of Monty F. Rainwater, Revoked Certificate No. 11200: This matter came on for hearing at 9:10 a.m. The members of the Oklahoma Accountancy Board present were seated on the hearing panel.

Assistant Attorney General John Crittenden represented the Board. Special Prosecutor Brett Willis represented the State. No witnesses were called by the State. Respondent was present but not represented by counsel. Respondent testified on his own behalf.

The purpose of the hearing was to determine whether the Respondent's certification should be reinstated. The Respondent's certificate had been revoked on July 20, 2001.

> Johnson moved to go into Executive Session; Engelbach second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

> Johnson moved to come out of Executive Session; St. John second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Chair Gray noted for the record that no votes were taken while the OAB was in Executive Session.

> Johnson moved that based upon the evidence presented by Mr. Rainwater that the OAB reinstate Certificate No. 11200 upon successful completion of the AICPA Ethics Exam with a score of at least 90%; and that Mr. Rainwater be on probation for a period of not less than five years, during which period he must keep his Oklahoma Certificate in good standing; St. John second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.
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> Johnson moved to adjourn the hearing; Engelbach second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

The proceedings and the individual votes of the members were conducted in open session. The evidence is contained in Docket File No. 1660.

Agenda Item #7c – Report on Results of the Mandatory Peer Review Program Since July 1, 2005 Implementation: Chair Gray reported that 61 newly enrolled firms were reviewed by the OSCPA Peer Review Committee; of the 39 system reviews on firms that do audit engagements, 11 received modified reports and 15 received adverse reports; of the engagement reviews where reviews were the primary service, 5 received modified reports and 5 received adverse reports.

Agenda Item #7d – Discuss and Act on Proposed Letter and Attestation Form: Colin Autin, the OAB's Peer Review Coordinator summarized the need for some type of notification to the OAB when registrants notify the sponsors that that they are no longer performing audits. Vice Chairman Volturo commented that this would also involve an OAB policy requiring the form to be filed.

> Johnson moved to defer to the next meeting; Engelbach second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Agenda Item #7b – Discuss and Act on Request for Extension of Peer Review Enrollment Rules by Mark E. Jones, CPA: Chair Gray addressed this item. She added that the Peer Review Oversight Committee has reviewed Mr. Jones' request and recommends the extension be granted.

> Volturo moved to approve his request for an exemption; Petete second. Volturo modified his motion to approve his request for an extension. Johnson presented an amendment to the motion, subject to staff's confirmation of the letter submitted by the registrant's physician. Amendment was accepted by Volturo and Petete. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Agenda Item #7e – Discuss and Act on Proposed Peer Review Informational Brochure: Colin Autin, the OAB's Peer Review Coordinator distributed a draft of the brochure. He added that he would like to add one more Q & A to the information in the brochure. Member Johnson requested the date be left off of this brochure and any future brochures coming before the OAB until they have received approval by the Board. Member Engelbach suggested that the word "DRAFT" be put on them instead of dates until such time as they are approved.

> Volturo moved to approve the brochure; Johnson second. No vote was taken on this motion.

Secretary Petete raised a question as to how year end is determined with regard to complying with the peer review requirement. Discussion followed among the OAB members until it was determined that it would require a change in the rules. Executive Director Steele reminded the members that rule changes after the hearing can only be made based on public comment. Chair Gray noted that clarification with regard to this section of the peer review rules should be considered during the next rules change period.

Johnson recommended to defer the vote on this agenda item until after discussion of Item 5.

Agenda Item #5 – Review Comments Received, Discuss and Act on Proposed Draft of Permanent Rules Promulgation – Title 10; Chapter 15: As Chairman of the Rules Committee, Member Engelbach reported that all public comments were received from the portal system and there was no one in attendance nor were there any oral comments made at the hearing held on March 20, 2007. He stated that the rules committee met and discussed the comments received. He addressed Draft 5 of the proposed amendments of the Oklahoma Administrative Code and presented the following changes based on responses during the public comment period:

Section 10:15-25-3.(b) [Individual permit]: Insert the following sentence after the second sentence: "Individuals who meet the definition of retired or inactive status as defined in the Code or the Act are not considered to be in the practice of public accounting."

Section 10:15-30-8.(a) [Exceptions to the CPE reporting requirements]: Relocate the following sentence from (c) as an opening statement: "All certificate and license holders must comply with CPE reporting requirements unless exempted below."

Section 10:15-30-8.(c) [Exceptions to the CPE reporting requirements]: By relocating the opening sentence to before subparagraph (a), (c) would read: "Unless otherwise exempted for good cause on a case by case basis."

Section 10:15-30-8.(d): Insert the following language: "in any manner" to the end of the sentence to read: "A certificate or license holder exempt from the requirement of CPE by reason of retirement or inactive status must indicate "retired" or "inactive" if they use their "CPA" or "PA" designation in any manner."

Section 10:15-30-8.(b): Insert a semicolon (;) and the word "and" between Section 10:15-30-8.(b)(1) and Section 10:15-30-8.(b)(2) which would require a sworn affidavit from both the registrant and the employer.

> Engelbach moved the OAB adopt the rules as drafted with the changes that have just been made based on the public comments received; St. John second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Chair Gray noted that none of the changes voted on in this item will change the content of the peer review brochure.

Agenda Item #7e – Discuss and Act on Proposed Peer Review Informational Brochure [REVISITED]:

> Volturo moved to table approval of the brochure until the rules have been finalized and adopted. Motion failed due to lack of a second.

Vice Chairman Volturo commented with his concern that the rule changes effective July 1, 2007 would require updates to the brochure and therefore staff should wait until after the rules are approved to publish the brochure. Executive Director Steele pointed out that the proposed rule change is already a policy voted by the OAB at a recent meeting, so the suggested inclusion of the Section 10:15-33-4.(d) in the peer review brochure is as a result of the policy and not necessarily the rule changes. The members agreed that none of the changes proposed in the rules would affect the information in the peer review brochure.

> Volturo moved to approve the brochure as is; Petete second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Agenda Item #8 – Discuss and Act on Request for Appeal of CPE Committee's Decision to Deny Non-Interactive Self Study Courses by Jerry White, PA: As Chairman of the CPE Committee, Member St. John addressed this item and explained the background. Member Johnson noted that it is the registrant's responsibility to check with the program sponsor to determine if a course is intended to qualify as continuing professional education. Chair Gray asked if a time period should be given to Mr. White to complete additional CPE. Member Johnson commented that such a decision should go back to the CPE Committee for their recommendation.

St. John moved to deny the appeal based on the CPE Committee's recommendation; Johnson second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Agenda Item #9a – Discuss and Act on Recommendation to Discontinue Sending Paper Renewal Forms for Firm and Individual Registration, Permit and CPE Exemption: Executive Director Steele stated that a notice will be sent to registrants as required by law and explained the content of the notice. A mailing is to be sent to all firms and individuals explaining that paper forms will not be distributed. The mailing will include the required expiration date information and PINs, as well as information on how to download the forms if the registrant does not wish to use the on-line process.

Johnson moved to approve; Engelbach second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Agenda Item #9b – Discuss and Act on Proposed Amendments to the OAB Internal Purchasing Procedures: Executive Director Steele addressed this item. Vice Chairman Volturo suggested the inclusion of the language: "must be recommended by the Executive Director" to the sentence: "Purchases in this range must be approved by vote of the OAB in a regular or special meeting" of Section 3) Purchases between $10,000 and $25,000. For purposes of clarification, Chair Gray suggested the following verbiage for that sentence to read: "The Executive Director shall make recommendations of purchases in this range to be approved by vote of the OAB."

Member Engelbach suggested the inclusion "with approval by the Chair" to the first sentence in Section 2) Purchases between $2,500.00 and $10,000 to read: "The Executive Director, with approval by the Chair for acquisitions, as defined in the Purchasing Act, within this range."

Member Johnson recommended changing the term "Deputy Director" to "Director's Designee" throughout the policy.

Volturo moved to approve the recommended changes to the purchasing procedures; St. John second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

INTERNAL PURCHASING PROCEDURES

The Oklahoma Accountancy Board (OAB) is a non-appropriated agency, with all expenditures being funded by the OAB's Revolving Fund. As a small agency, personal communication is facilitated on a routine basis concerning purchasing and allows for less formal internal communications and a minimum of internal paperwork with respect to purchasing.

Pursuant to Title 74, Section 85.39, Oklahoma Statutes, the OAB has adopted the following Internal Purchasing Procedures. All acquisitions shall comply with the provisions of the Oklahoma Central Purchasing Act (Purchasing Act), rules of the Purchasing Division, provisions of the State Use Committee and these internal procedures. These procedures are effective following approval by the OAB and the Director of Central Services.

With respect to needs assessment, the CPO, the Executive Director and Director's designee meet and determine a need, which is then communicated to the OAB as documented below.

In accordance with the Purchasing Act, all purchases are divided into four categories: 1) Purchases below $2,500.00; 2) Purchases between $2,500.00 and $10,000.00; 3) Purchases between $10,000.00 and $25,000.00; and 4) Purchases exceeding $25,000.00.

All documentation of purchases requested and authorized shall be maintained for a period of three years following completion and/or termination of the acquisition. If an audit-litigation or other action is started before the end of the three year period, the records shall be maintained for two years from the date all issues have been resolved or until the end of the three year retention, which ever is later. Records will be made available to State Purchasing Director, Office of State Finance and the State Auditor and Inspector upon request.

1) Purchases below $2,500.00:

Before an acquisition is made, the Director's designee verifies that sufficient funding is available. If the desired acquisition is included on a mandatory State Contract, a Purchase Order is completed by the Certified Procurement Officer (CPO) or the State of Oklahoma's P-card is used. The Purchase Order is subject to approval by the Executive Director and/or the Director's designee. Copies of the purchase orders maintained by the agency serve as a log of purchases against State Contracts.

If the desired acquisition is NOT included on a mandatory State Contract, the CPO identifies potential suppliers. Factors involved in such consideration are price, availability of product, whether the product meets specifications, fair and best value of product, and quality of product. The Executive Director and/or the Director's designee review and select the best supplier and authorize the purchase.

Once a vendor is selected, the CPO contacts the vendor and initiates the purchase, which is charged against an Authority Order or a Purchase Order is generated by the CPO or the State of Oklahoma's P-card is used.

If the contract is related to Information Technology (IT), it is the responsibility of the OAB's Executive Director's designee to monitor the contract(s) for compliance with the specifications after award. If the contract is related to professional services, it is the responsibility of the OAB's Executive Director to monitor the contract(s) for compliance with the specifications after award.

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2) Purchases between $2,500.00 and $10,000.00:

Before an acquisition is made, the Director's Designee verifies that sufficient funding is available. The Executive Director, with approval by the Chair of the OAB for acquisitions as defined in the Purchasing Act, within this range.

If it is determined that the desired acquisition is included on a mandatory State Contract, a Purchase Order is created by the CPO. The Purchase Order is subject to approval by the Executive Director and/or the Director's designee. Copies of the purchase orders maintained by the agency serve as a log of purchases against State Contracts.

If the desired acquisition is NOT included on a mandatory State Contract, a minimum of three potential vendors are contacted via phone or fax with a list of specifications that are to be met, along with a reasonable deadline within which to respond. Failure of a vendor to respond is still considered a bid.

The OAB will request that the vendors provide, in writing, factors such as price, delivery time, and the ability to meet the specifications, along with a notarized non-collusion affidavit bearing an original signature of the vendor.

All documentation of bids, including quotes and specifications, are maintained in a file pursuant to the Purchasing Act. All documentation of purchases requested and authorized shall be maintained for a period of three years following completion and/or termination of the acquisition. If an audit-litigation or other action is started before the end of the three year period, the records shall be maintained for two years from the date all issues have been resolved or until the end of the three year retention, which ever is later. Records will be made available to State Purchasing Director, Office of State Finance, and the State Auditor and Inspector upon request.

Quotations are reviewed and evaluated by the CPO, the Executive Director and the Director's designee.

Vendor responsiveness, fair and best value, past vendor performance, quality of product, and service are key factors in determining an award of contract.

Upon selection of a vendor, a Purchase Order is generated by the CPO. The Purchase Order is subject to approval by the Executive Director and/or the Director's designee. The Executive Director and the CPO must sign the Purchase Order. Once approved, the vendor is contacted.

Vendor performance and any contact made with the vendor during fulfillment of the contract is documented and maintained on file. Contracted vendors of services, such as but not limited to computer consulting, may be asked to provide regular progress reports at the OAB's monthly meetings.

If the contract is related to Information Technology (IT), it is the responsibility of the OAB's Executive Director's designee to monitor the contract(s) for compliance with the specifications after award. If the contract is related to professional services, it is the

responsibility of the OAB's Executive Director to monitor the contract(s) for compliance with the specifications after award.

3) Purchases between $10,000.00 and $25,000.00:

Before an acquisition is made, the Director's designee verifies that sufficient funding is available.

The CPO, the Executive Director and the Director's designee will draft specifications for each acquisition. If the specifications are technical in nature, the staff will conduct in-depth research and seek input from outside sources, including, but not limited to, personnel of other state agencies. The Executive Director shall make recommendations of purchases in this range to be approved by vote of the OAB.

If the desired acquisition is included in a mandatory State Contract and the product reasonably meets the specifications, a Purchase Order will be created by the CPO.

If the acquisition is clearly defined, an Invitation To Bid will be utilized. If the acquisition involves more complex variables, a Request For Proposal will be utilized. The specifications will be sent to a minimum of three vendors and the vendors will be given adequate time to respond. Bids or proposals received after the deadline will not be considered.

Vendors must submit bid proposals in writing, along with a notarized non-collusion affidavit bearing the original signature of the vendor.

If the contract is related to Information Technology (IT), it is the responsibility of the OAB's Executive Director's designee to monitor the contract(s) for compliance with the specifications after award. If the contract is related to professional services, it is the responsibility of the OAB's Executive Director to monitor the contract(s) for compliance with the specifications after award.

4) Purchases exceeding $25,000.00:

Before an acquisition is made, the Director's designee verifies that sufficient funding is available.

The OAB must first authorize the purchases expected to be in this range.

If it is determined that the desired acquisition is included on a mandatory State Contract, a Purchase Order is created by the CPO. The Purchase Order is subject to approval by the Executive Director and/or the Director's designee. Copies of the purchase orders maintained by the agency serve as a log of purchases against State Contracts.

The CPO, along with the Executive Director and the Director's designee will draft specifications for the acquisition. If the specifications are technical in nature, the staff will conduct in-depth research and seek input from outside sources, including, but not limited to, personnel of other state agencies.

Once the specifications are completed, they will be sent to Central Purchasing to initiate the bidding process. All paperwork and procedures in connection with the bidding process will conform to the requirements established by Central Purchasing. Initial review and solicitation of the bids to determine the ability of the various vendors to meet the OAB's specifications will be performed by the OAB staff.

Final approval of the successful bidder and authorization for the purchase must be by vote of the OAB during a regular or special meeting. The award of the acquisition will be made by State Central Purchasing.

P-Card Purchases:

Only the CPO and the backup CPO(s) will have purchasing cards. As per Central Purchasing, these cards will be set up in their names along with the agency name. For security purposes, the cards will be kept in the safe. No other staff members will have authorization to use the purchasing cards. All transactions must be made by either the CPO or the backup CPO(s).

The Executive Director shall have the authority to set limits on the number of transactions per month and the amount per transaction in addition to items that can be purchased. Purchases are limited strictly to items needed for the operation of the OAB office.

Prohibited items shall include but not be limited to the following:

- travel, including but not limited, to transportation, entertainment, travel agencies and lodging;
- cash, cash advances, or ATM transactions;
- any transaction exceeding a total of $2500 (except for items available on Statewide Contracts)
- any transaction exceeding the limit set by the Executive Director
- motor fuel or fluids
- luxury items
- personal items

Purchasing limit per CPO per monthly billing cycle: $7,500

Duties of CPOs: Cardholders shall maintain a log of all purchasing card transactions, returns, credits, and disputed transactions. A separate log shall be maintained for each purchasing card and for each cycle. Cardholders shall keep all receipts. If a receipt is not furnished (such as in the case of a phone or internet order), an order confirmation or order confirmation number should be obtained. If neither a receipt or confirmation information is available, the transaction log shall serve as a receipt.

The Executive Director will review each month the memo statements and supporting documentation (receipts and transaction logs) for accuracy, completeness, appropriateness of purchase. The Executive Director shall sign off on the memo statements before the billings are paid.

Audit: All transactions will be subject to all audit procedures placed into effect by the Department of Central Purchasing, the Office of State Finance, and the Auditor and Inspector's Office.

Records Retention: Records shall be maintained for seven (7) fiscal years, provided all audits have been completed and all applicable audit reports have been accepted and resolved by all federal and state agencies and no legal actions are pending.

Agenda Item #9c – Discuss and Act on Recommendation to Replace Utilizing the Oklahoma State Bureau of Investigation's Applicants' Background Checks for a National Background Search Vendor: Chair Gray deferred this item in response to staff's request.

Agenda Item #10 – Report from Legislative Committee: As Chairman of the Legislative Committee, Member Johnson reported that the committee was not aware of any activity in the current legislative session that affects Title 59 as it relates to the OAB.

Agenda Item #11a – Discuss and Act on Request from NASBA to Comment on Additions and Modifications to Uniform Accountancy Act Model Rules due by April 30, 2007 [deferred from January 2007 meeting]: At the request of Member Johnson, Chair Gray deferred this item to the April meeting.

Agenda Item #11b – Discuss and Act on Request from AICPA/NASBA for Comments to the Proposed Revisions to AICPA/NASBA Uniform Accountancy Act Section 23 due by May 15, 2007 [deferred from January 2007 meeting]: At the request of Member Johnson, Chair Gray deferred this item to the April meeting.

Agenda Item #12a -- Discuss and Act on OAB Participation in the NASBA Joint Panel on Education April 30, 2007: Chair Gray deferred this item to the April meeting.

Agenda Item #12b – Discuss and Act on Request from the Nominating Committee for Directors At Large, Regional Directors and Nominating Committee Members: Chair Gray deferred this item to the April meeting.

Agenda Item #12c – Discuss and Act on Request from NASBA CPA Licensing Examinations Committee for Feedback on the Examination [deferred from January 2007 meeting]: Chair Gray deferred this item to the April meeting.

Agenda Item #12d – Discuss and Act on Letter from West Virginia on Proposed Alternative Approach to the 150 Hour Requirement: Chair Gray deferred this item to the April meeting.

Agenda Item #13 – Discuss and Act on Certification of Certificate Applicant(s) whose Experience is Verified by an Individual(s) who must be Approved by the OAB: As Chairman of the Experience Verification Committee, Member St. John addressed this item.

St. John moved to approve based on the Experience Verification Committee's recommendation; Johnson second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

Name:

Li-Uei Tsai
Thomas Ashley Williams

Agenda Item #14 – Director's Report: Executive Director Steele referenced her written report included in the agenda packet. The following issues were addressed in the report:

- Personnel
- Quarterly Enforcement Report
- Focus Questionnaire
- Report from the Executive Director Conference
- Purchases of updated computer workstations

Agenda Item #15a – Chair's Report: Chair Gray did not present a report.

Agenda Item #15b -- Next Meeting Date Announced: The next OAB Meeting is scheduled for 8:30 a.m., Friday, April 20, 2007 in Suite 20 at the Lincoln Office Plaza in Oklahoma City. Chair Gray noted that the date for the July Board meeting will remain the same.

Agenda Item #16 – New Business: No new business.

Agenda Item #17 – Adjournment: There being no further business to come before the OAB, at 12:05 p.m. Chair Gray called for a motion to adjourn the meeting.

Engelbach moved to adjourn; St. John second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, and Petete. Absent: Biswell.

_____
Janice L. Gray, Chair

ATTEST:

_____
Vicky Petete, Secretary

APPENDIX 1

CERTIFICATE SURRENDERED BY REGISTRANT:

Surrendering CPA Certificate due to the new CPE requirements:

CPA:

Mica Fischer Nelson, Certificate No. 15439 issued August 5, 2002

DECEASED REGISTRANTS:

CPAs:

James Winton Burkhart, Certificate No. 2263 issued January 29, 1970
Floyd Dale Hammons, Certificate No. 1244 issued February 11, 1958
Jaunita Karean Henderson, Certificate No. 11718-R issued April 30, 1992
Michael David Kreymborg, Certificate No. 14528 issued August 2, 1999

DISSOLVED FIRMS:

CPA Limited Liability Partnership:

Lisle Compton Cole & Almen LLP

CPA Corporation:

B. Willis, C.P.A., Inc.

CPA Limited Liability Companies:

Rice & Vowel CPA, PLLC
Robert E. Kershaw, Certified Public Accountant, A Professional Limited Liability Company
Samuel A. Wilks, CPA, PLLC

Grades Certified: The OAB took official notice of the administrative posting of scores to the OAB's records for the Window 1/2007 Examination which were certified by the Executive Director.

The following 10 candidates successfully passed the Certified Public Accountant Examination:

4913.

Name

Patricia Beth Braswell
Christopher Allen Carr
Robert Scott Dolina
Jennifer Ellison
Patrick Jon McFeeters
Ronald Edward Schwarz
Stefanie Dawn Shields
Mary-Susan Simon
Garren Wayne Taylor
Jessica R. Wren

Applications Approved: The OAB took official notice of the following experience verification applications which have been approved by the Executive Director:

Benjamin Ryan Cammack
John Thomas Cunningham
William Keenon Deleon
LaToya Duncan
Laurie Adawn Ehmen
Jennifer Ellison
Kelly DeAnn Luelf
James Robert McCoy
Jonathan Michael Mitchell
Christy Dawn Schellenberg
Kenneth Adam Schwerd
Megan Elizabeth Stone

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

APPLICATIONS FOR CERTIFICATION (Successful Candidates):

16193	Virgil Earl Downing III
16221	Angela C. Hale
16269	Derek Allison
16271	Rebecca May Cone
16273	Sohee K. Kinder
16274	Laine Lindsey
16275	Huong Thilan Luu
16276	James Michael Milligan
16277	Ryan W. Pixley
16280	Anna Dongfang Zhao
16288	Graham A. Gerner
16290	Justin Ward Jorns
16293	Brad Alan Tisdale
16294	Samantha Weyrauch

APPLICATIONS FOR RECIPROCAL CPA CERTIFICATES:

16311-R	Dean A. Belknap
16312-R	Robert D. Brearton
16313-R	Matthew Christopher Lopez
16314-R	Alice Yang

APPLICATIONS FOR PRACTICE PRIVILEGES IN ACCORDANCE WITH SUBSTANTIAL EQUIVALENCY (Based on State SE Recognition):

Steven M. Adams (Texas)
Jayne Anne Aylward (Kansas)
Todd Matthew Basile (New York)
Michael Anthony Belk (Kansas)
Curtis Cannedy (Texas)
John Miller Clark III (Tennessee)
Rebecca Ann Dixon (Kansas)
Larry D. Dodson (Texas)
Catherine Marshall Grassl (Kansas)
Catherine L. Harper (Kansas)
Michelle Horaney (Iowa)
Ruben Jimenez (Texas)
Mark Lloyd Lavalle (Texas)
Stephanie Jane Manko (Texas)
Stephanie Ann Meints (Kansas)
Keith R. Seeloff (Georgia)
John Joseph Stotle (Kansas)
James R. Summer III (Georgia)

APPLICATION FOR PRACTICE PRIVILEGES IN ACCORDANCE WITH SUBSTANTIAL EQUIVALENCY (Based on Individual SE Recognition):

Suzanne Boline Danner (Colorado)

APPLICATIONS FOR REINSTATEMENT OF CPA CERTIFICATES:

8142-R	Katherine M. Davis
8837	Robert John DeRemer, Jr.
11304	Gerald Michael Culhane
12270	Fonda Hull Giacoia
13141	Christopher W. Koiner

INITIAL REGISTRATION OF A CPA PARTNERSHIP:

Moran & Reed

4915.

INITIAL REGISTRATION OF A CPA LIMITED LIABILITY PARTNERSHIP:

Weikel, Johnson, Parris & Rouse, PLLP

INITIAL REGISTRATIONS OF CPA PROFESSIONAL CORPORATIONS:

BKHM, P.A. (Florida)
Burkeen & Associates, P.C.
D.G. Yarborough, CPA, PC
Danny Payne, CPA, PC
Michael Cummins, CPA, P.C.
S S & G Financial Services, Inc. (Ohio)

INITIAL REGISTRATIONS OF CPA PROFESSIONAL LIMITED LIABILITY COMPANIES:

B. Willis, C.P.A., P.L.L.C.
Brittain and Co. PLLC
Enterprise Accounting And Tax, PLLC
Huhn Henry & Company PLLC
Rice, Vowel & Wyatt CPA, PLLC
Smith, Jackson, Boyer & Bovard, A Professional Limited Liability Company (Texas)
Wilks, Braun & Co., PLLC

INITIAL REGISTRATION OF A PA PROFESSIONAL LIMITED LIABILITY COMPANY:

Medearis & Associates, PLLC

CPA CERTIFICATE REVOKED PURSUANT TO TITLE 43, CHILD SUPPORT STATUTE:

11810 Michael V. Hulsey