

OKLAHOMA ACCOUNTANCY BOARD
MINUTES OF REGULAR MEETING AND HEARINGS

February 18, 2011

The Oklahoma Accountancy Board (OAB) convened in regular session on Friday, February 18, 2011, in the Conference Center at Southwestern Oklahoma State University (SWOSU), 1121 North 7th Street, Weatherford, Oklahoma. A recording of the meeting is on file in the OAB office. Members present at the meeting:

Janice L. Gray, CPA, Chair
Barbara Ley, CPA, Vice Chair
E. B. St. John, PA, Secretary
Vicky Petete, CPA, Member
Mike Sanner, CPA, Member
Kim Shoemake, CPA, Member
Tom Volturo, Representing the Public, Member

Board staff present at the meeting: Colin Autin, Interim Executive Director; Linda Ruckman, Interim Deputy Director; Michael Mount, CPE Coordinator; and LaLisa Semrad, Enforcement Coordinator. Assistant Attorney General John Crittenden was also present. Randall Calvert, Special Prosecutor for the OAB, was present for relevant segments of the meeting.

Agenda Item #1a – Call To Order: At approximately 8:34 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: Interim Executive Director Autin confirmed the notice of the meeting was filed with the Secretary of State and the agenda for the meeting was properly posted 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): All members were present.

Agenda Item #2 – Announcement of Visitors: The following visitors were present: Dr. Ken Rose, Dean of the College of Professional and Graduate Studies, SWOSU; Dr. Melody Ashenfelter, Professor of Accounting, SWOSU; Lisa Hodges and Hilaire Johnson, Office of the State Auditor & Inspector; Jeff Detwiler, CPA; and Theresa Smith, Seres Smith Consulting. Also in attendance were the following SWOSU students: Christian Wright; Emilie Miller; Shaspen Redmond; Tyler Mullins; Jentry Howell; Petra Acosta; Kristie Combs; Hannah Vanover; Katie Ringo; Nicole Ensley; Kaila Burten-Sappington; Dylan Hughey; Bryan Wilkes; Gracy Gutierrez;

Mbiminab Nkeih; McKenzie Smith; Ricky Garner; Neal Kennedy; Stefanie Ward; Ethan Gee; Tara Richardson; Jamie Edler; Stephen Speer; Jessica Steward; Karla Llamas; Bryce Pardue; Tammy Holt; Bhisma Shrestha; Niva Dangol; Patrick Magill; Kenny Shropshire.

Agenda Item #3 – Public Comment Period: Interim Executive Director Autin advised the Board that he had not received any written requests or been informed of any member of the public wishing to speak before the OAB.

Agenda Item #4 – Consent Agenda: The Consent Agenda contained five items for the OAB's consideration; (1) Approve the Minutes of the January 21, 2011, Regular Meeting of the OAB; (2) Take official notice of the OAB's YTD Statement of Receipts and Disbursements Report for FY 2011, for the month ending January 31, 2011; (3) Ratify the CPE/Experience Verification Committee's approval of the verification of experience by non-registrant individuals; (4) Take official notice of the experience verification applications which have been approved by the Interim Executive Director; and (5) Approve the actions taken by the Interim Executive Director on applications and registrations filed since the previous meeting. (Appendix I)

Motion by Sanner that the Consent Agenda be approved.
Second by Shoemake.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

Agenda Item #5 – Discussion and possible action on report from Audit and Budget Committee: Member Sanner introduced Lisa Hodges, Director of the State Agency Audit Division of the Office of the State Auditor & Inspector. Ms. Hodges noted that Hilaire Johnson was responsible for evaluating controls and performing testing of the OAB's records. Ms. Hodges then briefly reviewed the independent auditor's report. She noted that the financial statements were fairly represented in all material respects, thus an unqualified opinion was given.

Ms. Hodges reported that four significant deficiencies were identified. The deficiencies related to segregation of duties, the review process, documentation of items, and policies and procedures. She stated that none of the deficiencies were considered a material weakness. There was one issue related to non-compliance with a law and regulation which required changing the renewal of registration and permits based on birth date. Ms. Hodges stated that the Department of Central Services (DCS) had not awarded a contract so that the OAB could get a system in place in order to comply.

Member Sanner reported that management has responded to the control issues indicated. Appropriate action, if not already taken, will be taken to remediate those deficiencies. Member Gray advised the Board that DCS recently awarded a contract to a vendor to provide the licensing software required for birth month renewal. She noted that in order to comply with other statutes, the OAB had no choice but to utilize the current renewal process until the required software is in place for birth month renewal.

Motion by Sanner to receive and accept the audit report.
Second by Volturo.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake,
St. John and Volturo.

Agenda Item #6 – Discussion and possible action on Administrative Actions and recommendations and report from the Enforcement Committee:

ADMINISTRATIVE CONSENT ORDERS:

Case No. 1869 – Shawn B. Randall, CPA

This case is a result of a referral by the Licensing Coordinator. For approximately a year, Respondent practiced public accounting without a permit after failing to timely file for an Oklahoma reciprocal certificate. An Administrative Consent Order was offered by the Enforcement Committee and accepted by the Respondent whereby Respondent is assessed a fine of \$1,000 and costs and attorney fees in the amount of \$174.29, which must be paid within 30 days of the effective date of this Order. Any failure by the Respondent to comply with any of the terms of this Order shall result in an immediate hearing before the Board. In addition, a proven violation of the ACO, 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 Act. The Enforcement Committee recommends the Administrative Consent Order in this case be approved by the Board.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant reported 61 hours of CPE to obtain a permit to practice.
Peer Review Status: Not Applicable.

Motion by Ley to accept the Administrative Consent Order in Case No. 1869. Second by Sanner.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake,
St. John and Volturo.

FILES TO CLOSE:

File No. 1736 – CPA

A complaint was filed alleging the registrant conducted a substandard audit. The assigned investigator concluded that the financial documents submitted for review were not out of line with professional standards. In addition, the complainant has since withdrawn the complaint. The Enforcement Committee recommends the file be closed.

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OAB Records Summary

CPE Status: Registrant is in compliance. Registrant reported 40 hours of CPE for 2007 (includes 2 hours of ethics); 40 hours of CPE for 2008 (includes 4 hours of ethics); and 40 hours of CPE for 2009.

Peer Review Status: Registrant is in compliance.

File No. 1760-2 – CPA Firm

A complaint was filed alleging the registrant firm had employed a CPA working without a permit to practice and that the firm had issued a substandard audit report. The assigned investigator concluded that the unsigned report in question appeared to have been prepared by a former firm employee without the firm's involvement or knowledge, but that the registrant firm had employed the subject CPA while that individual did not hold a permit to practice. Board staff cannot find any evidence of past violations by this firm; therefore, the Enforcement Committee recommends the file be closed with a letter sent to the firm stating any future violation will not be dismissed.

OAB Records Summary

CPE Status: Not Applicable

Peer Review Status: Registrant is in Compliance.

File No. 1797 – CPA

A complaint was filed alleging incompetence in work and misconduct when the registrant added an additional firm employee to an already signed IRS power of attorney form. The Enforcement Committee did not find a lack of competence issue with the registrant's work, but with regards to the power of attorney did send a formal letter of admonishment as a reminder that the registrant has a duty to uphold the highest standards as a professional. The registrant responded that there would be no violations of the Act or the Board's Rules in the future; therefore, the Enforcement Committee recommends the file be closed.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant reported 46 hours of CPE for 2007 (includes 2 hours of ethics); 74 hours of CPE for 2008 (includes 3 hours of ethics); and 48 hours of CPE for 2009 (includes 2 hours of ethics).

Peer Review Status: Not Applicable.

File No. 1803 – CPA Firm

This file was opened as a result of a referral by the Licensing Coordinator that a non-CPA claimed partial ownership in the registrant firm. The manager and listed sole owner of the firm admitted that the manager's spouse might have been confused as to the spouse's position, and attested that there was no non-CPA ownership. The firm manager apologized for the problem and addressed the misperception with all firm staff members. The Enforcement Committee recommends the file be closed.

OAB Records Summary

CPE Status: Not Applicable
Peer Review Status: Registrant is in Compliance.

File No. 1814 – CPA

This file was opened as a result of a referral by the Licensing Coordinator that the registrant failed to timely file an application for an Oklahoma reciprocal certificate. The registrant submitted information confirming that registrant was required to complete substantial CPE before registrant's certificate could be "reactivated" in the original state, thus causing the Oklahoma application to be submitted outside the 120 day required time frame. Until the reactivation of the original certificate was completed, the registrant could not qualify for a reciprocal license in Oklahoma. As soon as the original certificate was reactivated, the registrant applied immediately for the Oklahoma reciprocal license. The Enforcement Committee recommends the file be closed.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant was certified in 2010, so no CPE was required. Registrant did report 120 hours of CPE to obtain a permit to practice.
Peer Review Status: Not Applicable.

File No. 1816 – CPA

A complaint was filed alleging the registrant violated auditing standards by failing to maintain independence of all personnel assigned to an audit engagement and the lack of professional care in the performance of the audit. The registrant submitted documentation showing extensive review standards and policies in place to address the professional care allegations. In addition, the registrant withdrew from the engagement once the employee's independence issue was discovered and refunded the audit fees that had been paid. The Enforcement Committee recommends the file be closed.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant claimed an exemption to CPE for years 2007 and 2008, and reported 51 hours of CPE for 2009 (includes 2 hours of ethics).
Peer Review Status: Registrant is in compliance.

File No. 1817 – CPA

A complaint was filed alleging substandard work by the registrant. The registrant submitted substantial documentation refuting complainant's claim. The Enforcement Committee did not find sufficient evidence to demonstrate any violations of the Act or Board's Rules by the registrant, and recommends that the file be closed.

5809.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant reported 44 hours of CPE for 2007 (includes 2 hours of ethics); 40 hours of CPE for 2008 (includes 2 hours of ethics); and 44 hours of CPE for 2009 (includes 2 hours of ethics).
Peer Review Status: Not Applicable.

File No. 1818 – CPA Firm

The registrant firm self-reported that it was a defendant to and reached a settlement in a security class action lawsuit that alleged the firm had failed to follow auditing standards after its client failed to disclose a related party loan in its prospectus. The firm has submitted an affidavit stating that no Oklahoma office or CPA was involved in the subject audit. The Enforcement Committee recommends the file be closed.

OAB Records Summary

CPE Status: Not Applicable
Peer Review Status: Registrant is in Compliance.

File No. 1819 – CPA

A complaint was filed alleging substandard work by the registrant. The registrant submitted substantial documentation refuting complainant's claim. The Enforcement Committee did not find sufficient evidence to demonstrate any violations of the Act or Board's Rules by the registrant, and recommends that the file be closed.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant reported 35 hours of CPE for 2007 (includes 2 hours of ethics); 82 hours of CPE for 2008 (includes 2 hours of ethics); and 42 hours of CPE for 2009.
Peer Review Status: Not Applicable.

Motion by Ley to close File Nos. 1736, 1760-2, 1797, 1803, 1814, 1816, 1817, 1818, and 1819. Second by Shoemake.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo. Recused: Gray on File Nos. 1817 and 1819 only.

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): (1) By the Board; (2) By any member of the Board or a designee of the Board acting as a hearing examiner or Administrative Law Judge; or (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."

Motion by Ley that File Nos. 1421, 1731, 1757, 1760-1, 1775, 1784, 1805, 1809, 1813, 1815, 1822, 1825, 1826, and 1827 be assigned to the Administrative Law Judge unless settled prior to the hearing. Second by Volturo.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

Member Ley briefly reviewed a Costs and Fines Receivable report. She stated it is her understanding that issues regarding non-payment of costs and fines assessed to active registrants have been addressed in that hearings have been held or are being scheduled, or the registrants have entered into payment plans. Active registrants owe a total of \$96,948.09, and non-active registrants owe \$2,180,064.73. She noted that there is an outstanding fine for one individual that totals \$1,800,000.00, which makes up 87% of the non-registrant total and 84% of the total amount due. The individual assessed that fine is incarcerated and there is not a high likelihood of collection.

Agenda Item #9 – Discussion and possible action regarding whether or not uncollected fees and fines due from non-registrants should be turned over to the AG's Office for collection: Assistant Attorney General Crittenden addressed this item. He stated that the Oklahoma Accountancy Act says that the fines collected are to be turned over to the General Revenue Fund. He added that the collection of out of pocket costs from the OAB's viewpoint is more significant since those funds come back into the OAB's budget.

Mr. Crittenden recommended that the one fine of \$1,800,000.00 be categorized separately so that it does not distort the Board's decision making on the other outstanding items. Mr. Crittenden stated that although the decision might be made at some point that such fines should not be reported on the OAB's financials, the fines never go away because they are owed to the sovereign state.

Mr. Crittenden reported that he sent a memorandum to Gay Tudor, Chief of the General Counsel Division, regarding the collection of the costs and fines. The Attorney General's Office does not have the resources to collect these accounts at the present time. He noted that statute provides that the Attorney General's Office will charge a 25% recovery fee for collections, with the fee going into the evidence fund. Mr. Crittenden stated that since the outstanding costs and fines are significant, the General Counsel Division would sign off if the OAB wanted to pursue collection through private counsel.

Member Ley stated that the Board is not mandated by statute to collect these costs and fines regardless of the cost to the agency. She stated that it is a prudent decision as to the cost benefit that must be weighed.

Member Volturo stated that collection is the state's responsibility. Mr. Crittenden noted that it is a responsibility of the OAB and the Attorney General's office. He reiterated that the Attorney General's Office would sign off if the Board wished to have private counsel pursue collection. Member Volturo asked if that would apply to a collection agency as

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well. Mr. Crittenden stated that the Attorney General's Office would have to sign off if a collection agency was utilized.

It was the consensus that the Audit and Budget Committee should prepare a policy for the Board's consideration pertaining to the manner and length of time that outstanding costs and fines should be reflected on the OAB's financial statements and pertaining to the appropriate means (collection agency, private counsel, etc.,) for collection of costs and fines from non-registrants.

Case 1862 – Hearing in the matter of Jeff Lee Detwiler, CPA, Certificate No. 13477:

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 John Crittenden advised the Board. The Respondent, Jeff Lee Detwiler, was present and was not represented by counsel. Special Prosecutor Calvert represented the State. Respondent testified on his own behalf. Colin Autin, Interim Executive Director of the OAB, testified on behalf of the State.

The purpose of the hearing was to consider Respondent's failure to comply with the terms of the Findings of Fact, Conclusions of Law, and Order entered on November 14, 2007, and to consider two additional counts.

Following opening statements by the Special Prosecutor and by Respondent, Special Prosecutor Calvert presented the State's case. During the presentation of the State's case, Mr. Calvert moved individually, and not in numerical order, for the admission of State's Exhibits 1-12. At the recommendation of Assistant Attorney General Crittenden, Chair Gray accepted the Exhibits into the record.

During the presentation of Respondent's case, Respondent requested that Respondent's Exhibit 1 be entered into the record. Special Prosecutor Calvert objected to the Exhibit being entered into the record. At the recommendation of Assistant Attorney General Crittenden, Chair Gray accepted the Exhibit into the record.

Motion by St. John that the Board go into Executive Session.
Second by Shoemake.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake,
St. John, and Volturo.

The Board entered into Executive Session at approximately 11:03 a.m.

Motion by St. John that the Board come out of Executive Session. Second by Ley.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake,
St. John, and Volturo.

The Board came out of Executive Session at approximately 11:53 a.m. Chair Gray noted for the record that during the Executive Session the Board deliberated on Case 1862 but did not take any votes or any other action.

Motion by Sanner that the Board finds as follows with regard to the Formal Complaint filed against Respondent on November 18, 2010: As to Count 1, although documentation has not yet been provided, it appears Respondent has complied with the provision of the Final Order entered on November 14, 2007, regarding peer review; however, Respondent has not complied with the provisions related to the payment of costs and fines; as to Count 2, after consideration of the information provided by the investigator, the Board does not find evidence to support a violation; and as to Count 3, the Board finds that there is an insufficiency in the amount of CPE reported by Respondent. Further, Member Sanner moved that the following action be taken with regard to Respondent's CPA certificate: 1) Respondent's certificate will continue to be on probation under the original terms of the Order; 2) Respondent must submit a report as to his employment status and sources of income within 15 days, and quarterly thereafter until all fines and costs are paid; 3) Respondent must submit to the Board within 15 days a plan as to how Respondent intends to repay the fines and associated cost, including a minimum monthly payment; 4) Respondent must submit within 15 days a plan as to how Respondent will get into compliance with CPE requirements by April 30, 2011; 5) Respondent must remove any references to providing accounting services that would require a permit to practice; 6) Respondent must read the Oklahoma Accountancy Act and the Board's Rules within 15 days and must also submit an affidavit affirming he has done so within 15 days; 7) that the costs for today's hearing be assessed to Respondent; 8) that Respondent submit documentation pertaining to his completion of the peer review as provided in the original Order; and 9) any failure to comply with the provisions of this Order will result in another hearing at which the Board would consider possible revocation of Respondent's certificate, or other remedies that would be available. Second by Shoemake.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

Chair Gray entertained a motion to adjourn the hearing.

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Motion by Shoemake to adjourn the hearing. Second by St. John.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

The proceedings and the individual votes of the members were conducted in open session. The evidence is contained in Docket File No. 1862.

NOTE: At approximately 12:12 p.m. the meeting was recessed for lunch. The meeting reconvened at 12:50 p.m.

Agenda Item #14 – Proposed Executive Session pursuant to Title 25 O.S. Supp. 2006, Section 307(B)(1) for discussion and possible action on employment, hiring appointment, promotion, disciplining, resignation, changes to existing salaries, or setting salary ranges for the following individual positions: a) Executive Director; b) Interim Executive Director; c) Deputy Director; d) Interim Deputy Director; e) Licensing Coordinator; f) Examination Coordinator; g) CPE Coordinator; h) Administrative Assistant I; i) Administrative Assistant II; j) Peer Review Coordinator; k) Records Coordinator; l) Accountant II; and m) Enforcement Coordinator:

Motion by Member Petete that the Board enter into Executive Session. Second by Sanner.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

The Board entered into Executive Session at approximately 12:51 p.m.

Motion by St. John that the Board come out of Executive Session. Second by Volturo.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

The Board came out of Executive Session at approximately 1:25 p.m.

Member Volturo noted for the record that the Board did not take any official action or votes during the Executive Session. Mr. Volturo reported that the Board had an opportunity to visit with the consultant hired to help the Board in the Executive Director search and to establish a proposed timeline for the process. He noted that the Personnel Committee will be interviewing the top six candidates identified by the consultant. The Personnel Committee will then select three candidates to bring before the Board at the March Board meeting for interview and a possible selection.

Agenda Item #7 - Discussion and possible action on report from the Legislative Committee: Chair Gray addressed this item. She advised the Board that on

February 17 she attended a meeting of the Senate Business & Commerce Committee during which Senate Bill 270 was considered. SB 270 received a unanimous Do Pass and will now go to the Senate Floor for a vote. Chair Gray stated that the Committee is tracking a number of other bills that could potentially affect the agency. A number of bills have been introduced regarding consolidation, and some bills have been introduced that could affect the agency's ability to retain outside legal counsel.

Agenda Item #8 – Discussion and possible action on report from Technology Committee: a) Discussion and possible action on Oklahoma Accountancy Board imaging project; and b) Update regarding the Department of Central Services contract awarded for the Statewide Enterprise Licensing Software System to CSDC:

Member Shoemake asked Interim Executive Director Autin to provide an update on the imaging project. Mr. Autin presented a proposal that the OAB enter into agreements for an imaging system. This would require a revision to the Service Level Agreement (SLA) with the Office of State Finance (OSF); a proposal for hardware; and a proposal for software. Mr. Autin stated that the Board approved virtually the same plan in August of 2010, with the exception of some costs that are now being transferred from BIS to OSF. OSF identified items in the BIS proposal that OSF believes it can perform at a lower cost. Mr. Autin noted that the Board requested that OSF propose a timeline for the tasks that it is proposing to perform. However, specific dates were not given since it is not known when the project will begin.

Mr. Autin advised the Board that the statewide contract for BIS expires March 31. He added that entering into a contract by March 31 does not mean that the services must be provided by March 31.

There was considerable discussion regarding staff's capacity to work on such a project and as to whether the project should wait until after the new Executive Director is in place. Member Volturo inquired as to when it is proposed that staff would have to dedicate time for this project. Mr. Autin responded that the first couple of months is where the majority of staff's time would be invested. Chair Gray inquired as to how much time it would take to work with another vendor if the Board chooses to wait and BIS is no longer on the statewide contract. Mr. Autin responded that a conservative estimate is that it would be another year before the project could begin with another vendor.

Member Volturo asked if temporary employees could be hired to take on the imaging of the documents if the Board chooses to proceed. Mr. Autin stated that would depend on how the new Executive Director would want to handle confidential information being passed through a temporary employee. There was discussion regarding whether or not BIS could assist with the imaging. Mr. Autin stated that once the backlog of documents is imaged, he does not believe the actual person hours involved in scanning documents would require much more than the current staff level. Member Ley noted that it was her understanding that the plan was to begin on a certain day and scan for the future. She noted that most successful endeavors going to digital format are those that do not attempt to image what happened historically. Mr. Autin responded that it is his understanding that imaging will be done from a point forward; however, if it was decided

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to image a backlog of documents, it might be necessary to consider hiring temporary employees.

It was discussed that if the Board chooses to approve the contract, it would likely take 45 to 60 days before everything is in place to begin. By that time it is expected that a new Executive Director would be in place and could have input into the workflow process established, etc.

Mr. Autin noted that the OAB currently pays OSF \$700.00 per month for hardware and software support. If the imaging project is approved, the cost for support will increase to \$950.00 a month.

Motion by Volturo to approve the proposal for the imaging project as presented with the total cost of the three contracts (SLA, hardware, and software) not to exceed \$85,000.00.
Second by Shoemake.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

Mr. Autin reported that CSDC has been awarded the statewide contract to implement the enterprise license management system. A meeting with members of the Technology Committee, OAB staff, and OSF and CSDC representatives has been scheduled for March 2. The vendor has provided a number of questions/information requests that are being addressed. The response will be promptly submitted to OSF and CSDC so that they will have time to review it in advance of the meeting. Mr. Autin noted that the issue of the OAB's non-compliance with State statute and how a system like this will help rectify that will be stressed.

Chair Gray asked if her understanding is correct that the OAB might be the pilot agency. Mr. Autin responded that it is widely understood by all parties that the OAB will be one of four pilot agencies, the others being the Department of Environmental Quality, the Construction Industries Board, and a division of the Department of Health. He added that it is his understanding that the OAB is probably the premier of the pilot agencies.

Member Ley asked if a contract would be brought to the Board for approval at some point in time. Mr. Autin responded affirmatively. He added that he does not know at this point what the total cost will be.

Agenda Item #10 - Discussion and possible action on report from Ad Hoc Committee to review Exposure Draft on firm names: Member Petete addressed this item. She provided the Board a summary of the proposed amendments to the AICPA/NASBA Uniform Accountancy Act (UAA) and the NASBA Uniform Accountancy Act Rules (UAA Rules) pertaining to firm names. Member Petete noted that it is difficult not to look at this matter in relation to proposed Senate Bill 270 which would allow non-CPA and non-PA firm ownership. She provided a brief outline of the sections of the Act and Board's Rules that would need to be amended if Senate Bill 270 is passed.

Chair Gray requested that this information be provided to LaLisa Semrad, the staff liaison to the Rules Committee.

Member Petete reported that one of the proposed amendments to the UAA and UAA Rules relate to firm names which include the name of a non-CPA owner. If a non-CPA owner's name is included, the CPA designation cannot be used in relation to the firm name. Another proposed amendment relates to designations such as "and Company" or "and Associates." Under the Board's rules, there must be two employed registrants in order for a firm to use such designation. Under the proposed amendments to the UAA and UAA Rules, the second employee is not required to be a CPA.

Member Petete reported that she found nothing in the proposed amendments to the UAA and the UAA Rules that needs to be changed; however, if Senate Bill 270 is passed, the Oklahoma Accountancy Act and the Board's rules would have to be amended in order to be in compliance with the UAA and UAA Rules.

Motion by Petete that Interim Deputy Director Ruckman be authorized to draft a letter to NASBA stating that the Board has reviewed the Exposure Draft regarding CPA firm names and has no significant concerns with the proposed changes going forward, however amendments to the Oklahoma Accountancy Act and the Board's Rules would be required in order to be in compliance with the proposed amendments to the UAA and UAA Rules; further that the draft be submitted to Member Petete and Chair Gray for approval before being submitted to NASBA. Second by Volturo.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

Agenda Item #11 - Discussion and possible action on report from CPE/ Experience Verification Committee: a) Request from Kristopher Ryan Stone, reciprocal applicant, to accept completion of the course "Professional Ethics for Certified Public Accountants," 24th Edition (Rev. August 2008) by the California CPA Education Foundation to meet the requirements of Section 10:15-21-1 of the Oklahoma Administrative Code; and b) Discussion and possible action on 2006 through 2008 CPE Audit Report: Member St. John addressed this item. Member St. John reported that a reciprocal applicant has requested that completion of the course "Professional Ethics for Certified Public Accountants," 24th Edition (Rev. August 2008) by the California CPA Education Foundation, be accepted to meet the Board's ethics exam requirement. In 2006 the Board approved an earlier edition of this ethics exam as a substitute. Member St. John stated that the CPE Committee has reviewed this matter, and could not see that there was a significant difference in the 24th Edition.

Motion by St. John to approve the substitution of the course "Professional Ethics for Certified Public Accountants," 24th Edition (Rev. August 2008) by the California CPA Education Foundation, to meet the requirements of Section 10:15-21-1 of the Oklahoma Administrative Code, and further that the Board approve future editions as a substitution so long as staff verifies there is no significant change in the course content and guidelines. Second by Shoemake.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

Member St. John then discussed with the Board the CPE Audit Report for the three-year rolling period of 2006 – 2008. There was discussion as to whether or not a random CPE audit would be conducted during calendar year 2011. There was also discussion as to whether those identified as not being in compliance for the three-year rolling period of 2007 – 2009 would be audited in calendar year 2011.

Interim Executive Director Autin introduced the OAB's new CPE Coordinator, Michael Mount.

It was discussed that approximately 600 registrants are in the audit pool as a result of non-compliance for the three-year rolling period of 2007 – 2009.

Member St. John reported that staff has recommended that the next CPE audit be postponed until 2011 in order to give staff time to catch up on processing current documentation. Member St. John stated that he requested that staff submit a written recommendation regarding the next CPE audit for the Board's consideration at the March meeting. Chair Gray requested that the report be fairly detailed with regard to the staff's proposals for the 2008-2010 and 2009-2011 compliance periods as well.

Motion by St. John to accept the CPE Audit Report for the 2006 – 2008 compliance period. Second by Volturo.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

Agenda Item #12 - Discussion and possible action on Application for reciprocal CPA Certificate submitted by Kristopher Ryan Stone: Interim Executive Director Autin addressed this item. He reported that this application could not be placed on the Consent Agenda due to the ethics exam substitution request.

Motion by Sanner to approve the Application for reciprocal CPA Certificate submitted by Kristopher Ryan Stone. Second by Petete.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

Agenda Item #13 - Discussion and possible action to approve invoice for Calvert Law Firm: Member Ley addressed this item. She reported that the Enforcement Committee has approved this invoice and recommends approval.

Motion by Ley to approve the Invoice for Calvert Law Firm dated January 6, 2011, in the amount of 10,626.44. Second by Shoemake.

Affirmative Votes: Gray, Ley, Petete, Sanner, Shoemake, St. John, and Volturo.

Chair Gray requested that since the invoices are reviewed by the Enforcement Committee, in the future the Board only be provided with information indicating that it is an invoice from Calvert Law Firm, and the total amount and date of the invoice.

Agenda Item #15 – New Business: There was no new business discussed.

Agenda Item #16 – Interim Executive Director’s Report: Interim Executive Director Autin reported on the following:

- The AICPA honored an Oklahoma resident with the Elijah Watt Sells Award
- A draft response to the NASBA Focus Questionnaire has been prepared.

Chair Gray requested that the draft be sent to Board members and that Board members provide their comments to Interim Executive Director Autin so that they can be incorporated into the draft to be considered at the March Board meeting.

- Expenditures made by the Interim Executive Director with approval of the Chair between \$2,500 and \$10,000 since the preceding Board meeting:
 - State Auditor & Inspector; services regarding 2010 fiscal year audit - \$8,850.00
 - Oklahoma Attorney General’s Office; January 2011 - \$2,706.20
 - BEP One; February 2011 - \$4,932.00
 - Arledge and Associates; December 2011 - \$3,660.00

Member Ley noted that one of the expenditures reported was for an investigative bill. She felt there may have been prior investigative bills that exceeded \$2,500.00 which were not reported to the Board. It was requested that staff research when the Board assigned the Enforcement Committee the responsibility of approving such invoices and whether or not any such invoices which exceeded \$2,500.00 need to be reported to the Board.

APPENDIX I**CERTIFICATES SURRENDERED BY REGISTRANTS:****CPAs:****Surrendering CPA Certificate Due To The New CPE Requirements:** None**Coming into Oklahoma to practice under Mobility:** None**No Longer Practicing in Oklahoma:**

Jane Secondine Eckert Certificate No. 15903 Issued Feb. 2, 2004

No Longer Residing in Oklahoma: None**Retired:** None**PAs:** None**Retired:** None**DECEASED REGISTRANTS:****CPAs:** None**PAs:** None**DISSOLVED FIRMS:****PA Partnerships:** None**CPA Partnerships:** None**PA Corporations:** None**CPA Corporations:**Adran Wagner, P.C.
Mathis, West, Huffines & Co., P.C.**PA Limited Liability Companies:** None

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CPA Limited Liability Companies:

Steven F. Myers, PLLC

PA Limited Liability Partnerships: None

CPA Limited Liability Partnerships: None

APPLICATIONS APPROVED: The OAB took official notice of the following experience verification applications which have been approved by the Interim Executive Director:

Jack Raymond Benter
Molly Carnahan
Brett Edward Carnes
Toni Diane Cruz
Sarah Ruth Dash
Kyle Alan Denny
Carly Renee Gilkerson
Ashley Elizabeth Golda
Eric Allen Griffin (Non-CPA Verifier)
Mindy Sarie Hines
Michael Leonard Hodges
Katie Rae Johnson
Spencer King
Jennifer Leigh Major
Rabih Ali Mehdi
Philip Donald Mock
David Tyler Mynes
Yuxin Qin
Rochelle Danet Quillman
Brian Patrick Rahlf (Non-CPA Verifier)
Darcy Lynn Reherman
Chandra Denice Shelby
Jillian Leigh Vivion

APPLICATIONS FOR CERTIFICATION (Successful Candidates):

16907	Melissa R. Richardson
16954	Brandon L. Lackey
16970	Candice A. Strong
16974	Mariann E. McKinney
16976	W. Scott Callender
16978	Peggy Jo Gaskill
16979	Jordan Michael Carris
16980	Kristina Lynn Marberry
16986	Jack Raymond Benter
16988	Brett Edward Carnes
16991	Rochelle Danet Quillman

16992	Chandra Denice Shelby
16994	Toni Diane Cruz
16996	Michael Leonard Hodges
16997	Katie Rae Johnson
16999	Yuxin Qin
17000	David Tyler Mynes
17002	Ashley Elizabeth Golda
17004	Jennifer Leigh Major
17008	Darcy Lynn Reherman

APPLICATIONS FOR RECIPROCAL CPA CERTIFICATES:

Janice Elaine McKee (Texas)

APPLICATIONS FOR REINSTATEMENT OF CPA CERTIFICATES:

16284-R Lauren Emily LaBass

INITIAL FIRM REGISTRATIONS OF SOLE PROPRIETORSHIPS UNDER SECTION 15.15:

Cynthia A. Cox, CPA (Texas)

INITIAL FIRM REGISTRATIONS OF PROFESSIONAL CORPORATIONS:

MWH Group, P.C.

INITIAL FIRM REGISTRATIONS OF PROFESSIONAL LIMITED LIABILITY PARTNERSHIPS:

Mountjoy Chilton Medley, LLP (Kentucky)

INITIAL FIRM REGISTRATIONS OF PROFESSIONAL LIMITED LIABILITY COMPANIES:

Core Business Advisors PLLC
 D A Sehon CPA, PLLC
 DKM Tax & Accounting Services, PLLC
 Gano Coleman, CPA, PLLC
 S. Christopher Lopp, CPA PLLC
 Ministry Accounting & Consulting, PLLC

REINSTATEMENT OF CPA PROFESSIONAL LIMITED LIABILITY COMPANIES:

None

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REINSTATEMENT OF CPA PROFESSIONAL LIMITED LIABILITY PARTNERSHIPS:

None

REINSTATEMENT OF CPA PROFESSIONAL CORPORATIONS:

None

REINSTATEMENT OF PA PROFESSIONAL CORPORATION:

None