

**OKLAHOMA ACCOUNTANCY BOARD**  
**MINUTES OF REGULAR MEETING AND HEARINGS**

June 17, 2011

The Oklahoma Accountancy Board (OAB) convened in regular session on Friday, June 17, 2011, in the Board Room of the Oklahoma Accountancy Board, 201 NW 63<sup>rd</sup> Street, Suite 210, Oklahoma City, 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  
Karen Cunningham, Representing the Public, Member  
Mike Sanner, CPA, Member  
Kim Shoemake, CPA, Member

Board staff present at the meeting: Randy Ross, Executive Director; Michael Mount, CPE Coordinator; Linda Ruckman, Licensing Coordinator; LaLisa Semrad, Enforcement Coordinator; and Matthew Sinclair, Records Coordinator. Assistant Attorney General John Crittenden was also present.

**Agenda Item #1a – Call To Order:** At approximately 8:39 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 Ross 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):** Chair Gray noted that Member Petete was absent and that her absence was excused.

**Agenda Item #2 – Announcement of Visitors:** The following visitors were present: Daryl Hill, representing the Oklahoma Society of Certified Public Accountants (OSCPA); and Dean Taylor, representing the Oklahoma Society of Accountants (OSA).

**Agenda Item #3 – Public Comment Period:** Executive Director Ross 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 four items for the OAB's consideration; (1) Approve the Minutes of the May 19, 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 ended May 31, 2011; (3) Take official notice of the experience verification applications which have been approved by the Executive Director; (4) Approve the actions taken by the Executive Director on applications and registrations filed since the previous meeting. (Appendix I)

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

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

**Agenda Item #5 – Discussion and possible action on Administrative Actions and recommendations and report from the Enforcement Committee:** Vice Chair Ley addressed this item. Vice Chair Ley presented a written summary of investigative files and administrative actions taken, with recommendations for the disposition of each.

**File No. 1600 – CPA Firm**

A complaint was filed informing the OAB of lawsuits against the registrant firm involving alleged negligence in the performance of two large-scale audits. The firm has submitted an affidavit stating that there is no Oklahoma connection to one of the audits. With regard to the second audit, the Oklahoma office of the firm did perform limited services in the audit of a subsidiary of the company in question. However, that subsidiary made up only one percent of the total assets of the company, and there were no allegations of negligence with regard to the work done by Oklahoma licensees. The Enforcement Committee recommends the file be closed.

**OAB Records Summary**

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

**File No. 1732 – CPA Firm**

A file was opened after the registrant firm's audit failed to detect major embezzlement over a four year period. The assigned investigator found no evidence of substandard auditing procedures by the registrant firm; therefore, the Enforcement Committee recommends the file be closed.

**OAB Records Summary**

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

**File No. 1733 – CPA**

A complaint was filed by the registrant's sibling alleging the registrant was financially ruining the family business. The Enforcement Committee did not find sufficient evidence presented to establish that a violation of the Act or Board's Rules occurred; therefore, the Enforcement Committee recommends the file be closed.

### **OAB Records Summary**

CPE Status: Registrant is in compliance. Registrant reported 47 hours of CPE for 2008 (includes 2 hours of ethics); 37 hours of CPE for 2009 (includes 4 hours of ethics); and 48 hours of CPE for 2010 (includes 4 hours of ethics.)

Peer Review Status: Not Applicable.

### **File No. 1760-1 – Revoked CPA**

A complaint was filed alleging the registrant was practicing under an unregistered alias and without a permit before the registrant's certificate was revoked for cause on another matter. The Enforcement Committee recommends the file be closed, but reopened if the registrant applies for reinstatement.

### **File No. 1778 – CPA Firm**

This file was opened as a result of a referral by the Licensing Coordinator that the registrant firm conducted business under a new name before registering that name with the OAB. The company changed its name by removing the name of a departing partner. The partner's departure was reported to the Board on a timely basis, but the change in the firm name was not reported until the firm filed its annual registration the next year. Because the initial registration form for the new name was filed before the effective date of the new rule requiring a firm to do business only under the name it is registered under with the OAB, the Enforcement Committee recommends the file be closed with a letter sent to the firm explaining the new rule.

### **OAB Records Summary**

CPE Status: Not Applicable

Peer Review Status: Not Applicable.

### **File No. 1780 – Reinstated CPA**

This file was opened as a result of a referral by the Licensing Coordinator after the registrant's reinstatement application indicated that the registrant was practicing public accounting for a firm while revoked. Upon further inquiry, it was confirmed that the individual requesting reinstatement was not holding out as a CPA. The Enforcement Committee recommends the file be closed.

### **OAB Records Summary**

CPE Status: Registrant is in compliance with the "return to active status" requirements.

Peer Review Status: Not Applicable.

### **File No. 1828 – CPA**

A complaint was filed alleging the registrant conspired with the complainant's business partner to cheat complainant out of money due him, and that the registrant committed tax fraud by knowingly deducting non-related business expenses on the company's

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books. The Enforcement Committee did not find sufficient evidence to establish that a violation of the Act or Board's Rules occurred; therefore, the Enforcement Committee recommends the file be closed.

**OAB Records Summary**

CPE Status: Registrant is in compliance. Registrant reported 42 hours of CPE for 2008 (includes 2 hours of ethics); 63 hours of CPE for 2009 (includes 2 hours of ethics); and 45 hours of CPE for 2010 (includes 2 hours of ethics.)

Peer Review Status: Not Applicable.

**File No. 1841 – CPA Firm**

This file was opened as a result of a referral by the Licensing Coordinator that the registrant firm failed to notify the OAB that it had formed a legal entity in which to practice. The Enforcement Committee recommends the file be closed with a private letter of reprimand.

**OAB Records Summary**

CPE Status: Not Applicable.

Peer Review Status: Not Applicable.

**File No. 1844 – CPA Firm**

This file was opened as a result of a referral by the Licensing Coordinator that the out-of-state registrant firm failed to timely notify the OAB of a slight name change. The Enforcement Committee recommends the file be closed with a private letter of reprimand.

**OAB Records Summary**

CPE Status: Not Applicable.

Peer Review Status: In Compliance.

Motion by Ley that the Board accept the Enforcement Committee's recommendation to close File Nos. 1600, 1732, 1733, 1760-1, 1778, 1780, 1828, 1841, and 1844. Second by Cunningham.

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

**Agenda Item #6 – Discussion and possible action on report from the Outreach Committee:** Vice Chair Ley addressed this item. Vice Chair Ley reported that the next Recognition Ceremony will be held on Saturday, June 25. She also noted that the Fall Ceremony is scheduled for November 19, 2011, and the Spring 2012 Ceremony is tentatively scheduled for May 19, 2012.

Vice Chair Ley reported that the Outreach Committee met following the May Board meeting. The Committee is tentatively planning on holding the September 2011 Board meeting at East Central University in Ada, and holding the February 2012 Board meeting at the University of Central Oklahoma in Edmond.

Vice Chair Ley reported that staff is working to get all brochures and other outreach materials coordinated and in good order. Staff has committed to having a draft of the next issue of the *Bulletin* as part of the Board packet for the July meeting. She noted the Outreach Committee would like to review the draft prior to it being sent out with the Board packet.

Vice Chair Ley reported on recent outreach activities. The OAB had an exhibitor booth at the OSCPAs Government Audit and Accounting Conference, the OSCPAs Spring Industry Conference, and the OSCPAs Annual Meeting. Executive Director Ross made a presentation at the Government Audit and Accounting Conference and at the Spring Industry Conference. Chair Gray and Executive Director Ross spoke to the School District Auditors in the State of Oklahoma in early June.

Vice Chair Ley expressed her appreciation to staff for all the efforts they have made.

**Agenda Item #7 -- Discussion and possible action on request from Thomas E. Brazil to reinstate Certificate number 6232:** Licensing Coordinator Ruckman addressed this item. She reported that Mr. Brazil's certificate was originally issued in July 1982. In September 1987 it was revoked for failure to register. Mr. Brazil contacted the Board office earlier this year after being notified by the OSCPAs that he could not renew his membership because he was not in good standing with the OAB. Mr. Brazil indicated that he did not know his certificate had been revoked and he thought that he was a CPA and in good standing all these years. Mr. Brazil indicated he had moved to California in 1986 and had failed to provide the OAB with a forwarding address. Ms. Ruckman reported that she advised Mr. Brazil that he was not eligible for reinstatement because his certificate had been revoked for more than five years. Subsequent to that conversation, Mr. Brazil submitted an Application to Reinstate. Mr. Brazil was informed that his application would have to be presented to the Board for consideration.

There was considerable discussion as to whether there was any precedence to reinstate a certificate in a similar circumstance and as to whether the Board had authority to reinstate the certificate.

Chair Gray announced that this agenda item would be continued to the July Board meeting to give Mr. Crittenden an opportunity to review the matter and advise the Board as to what action the Board has authority to take within the statutes.

## **HEARING DOCKET**

**Case 1820 – Hearing in the matter of W. Kirk Clausing, CPA, Certificate No. 2200:** Chair Gray announced that the hearing in this matter is being deferred to the July Board meeting.

**Agenda Item #8 – Discussion and possible action on report from Audit and Budget Committee:**

**A. Discussion and possible action on Fiscal Year 2012 Budget**

**B. Discussion and possible action to change financial presentation methodology:**

Member Sanner addressed this item. He briefly reviewed with the Board a working draft of the new format for the Board's financial statements. He noted that at the June Board meeting the Board approved changing the format from the governmental entity type format to the enterprise reporting format, full accrual basis. It was noted that the draft is being presented at this time for a review of the format only and that the Budget and Finance Committee will be working with staff to finalize the presentation.

It was discussed that due to deferred projects, it is expected that expenditures will exceed revenues for the next couple of years and this will have to be monitored very closely.

Chair Gray inquired as to the status of an engagement letter for the upcoming audit. Executive Director Ross reported that he has visited with Deputy State Auditor Steve Tinsley, and the State Auditor will be doing the audit. He noted he has also visited with Brenda Wright at Crawford & Associates, and it is expected that Crawford & Associates will be in the first or second week of August to start the pre-audit work. Chair Gray requested that Executive Director Ross work with the State Auditor's Office to get an engagement letter for the Board's consideration at the July Board meeting.

**Agenda Item #9 – Discussion and possible action report from Peer Review Oversight Committee:**

**A. Approval of Sponsoring Organizations for the fiscal year 2012**

**B. PROC third quarter report for fiscal year 2011**

Chair Gray addressed this item. The Peer Review Oversight Committee (PROC), which is currently comprised of Jim Williamson as Chair and Ann Fields and Tom McGuire, reviewed the oversight reports for the various administering entities that have registrants in the State of Oklahoma. The PROC voted to recommend the Board approve the following to administer peer reviews to Oklahoma firms during fiscal year 2012:

- AICPA Center For Public Company Audit Firms
- Alabama Society of Certified Public Accountants
- Arkansas Society of Certified Public Accountants
- California Society of Certified Public Accountants
- Colorado Society of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Georgia Society of Certified Public Accountants
- Illinois Society of Certified Public Accountants
- Indiana Certified Public Accountant Society

- Iowa Society of Certified Public Accountants
- Kansas Society of Certified Public Accountants
- Michigan Association of Certified Public Accountants
- Minnesota Society of Certified Public Accountants
- Mississippi Society of Certified Public Accountants
- Missouri Society of Certified Public Accountants
- Montana Society of Certified Public Accountants
- National Peer Review Committee
- Nevada Society of Certified Public Accountants
- New York State Society of Certified Public Accountants
- Oklahoma Society of Certified Public Accountants
- Pennsylvania Institute of Certified Public Accountants
- Society of Louisiana Certified Public Accountants
- Tennessee Society of Certified Public Accountants
- Texas Society of Certified Public Accountants

Member Gray noted that the list of sponsoring organizations was also provided to the Board's Peer Review Committee. The Committee had an opportunity to review the list, but did not have an opportunity to have a meeting to discuss the list.

Motion by Shoemake to approve the list of sponsoring organizations for FY 2012 as recommended by the PROC.  
Second by Sanner.

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

Chair Gray noted that the PROC will be meeting on June 23, 2012; therefore, the quarterly report will not be presented to the Board until July or August.

**Agenda Item #10 – Presentation to commemorate Board member’s service to the Oklahoma Accountancy Board:** Chair Gray expressed appreciation to Member Shoemake for his service on the Board. She then presented him with a plaque containing the following inscription:

Presented to Kim Shoemake CPA  
With Gratitude for Service as a  
Member of the Oklahoma Accountancy Board

December 2009 – June 2011

Member Shoemake thanked the Board. He stated he has a much greater understanding and appreciation, and the CPA's in the state are fortunate they have an active Board.

**Agenda Item # 11 – Report from Board members and staff on attendance at the 2011 NASBA Western Regional Conference:** Chair Gray noted that she as well as Vice Chair Ley and Executive Director Ross attended the 2011 NASBA Western Regional Conference.

There was discussion regarding the following highlights/hot topics from the conference:

- Private Company Standards – The AICPA is currently leading a push to have a separate Board from the Public Company Accounting oversight Board set the standards for private companies. State Boards are being asked to weigh in on this issue and this will likely be an agenda item for discussion in the coming months.
- IRS PTIN Program – CPA's and PA's can obtain a PTIN from the IRS and are not subject to testing and CPE required of non CPA's or PA's. There was discussion regarding the need to ensure that there are internal procedures in place to notify the IRS when the certificate/license of a CPA or PA has been revoked, suspended, cancelled, etc.
- Firm Names – It was discussed that the bottom line of discussion on this matter was that names should not be misleading.
- Enforcement Cases – It was discussed that not all state boards have the authority to address matters unrelated to accounting issues such as DUI, child molestation, etc. The OAB does have the authority to address such issues because the AICPA Code of Professional Conduct is incorporated into the Board's Rules of Professional Conduct (OAC 10:15-39.1 et seq.). It was also discussed that there was a peer review case where a state board fined an individual \$2,500.00 for not registering for peer review. The individual sued in District Court and the District Court upheld the Board's decision.

Chair Gray noted that each Board member has been provided a copy of the AICPA Code of Professional Conduct. The Code is currently being amended and the new version should be out in August of 2012.

**Agenda Item #12 – New Business:** There was no new business discussed.

**Agenda Item #13 – Executive Director's Report:** Executive Director Ross reported on the following:

- Attended NASBA Western Regional Meeting in Omaha
- Moving forward with Enterprise Licensing System-met with OSF and working on OAB resource requirements
- Restarted the implementation of the scanning system-met with BIS and OSF
- Continuing to adjust internal processes as we go through the registration process

**Expenditures made by the Executive Director between \$2,500 and \$5,000 since the preceding Board meeting:**

- BEP One; June rent - \$4,392.00
- Fidelis Group LLC; Investigative Services - \$2,593.75
- Attorney General; Legal Services for June - \$2,706.20



**Expenditures made by the Executive Director with approval of the Chair between \$5,000 and \$10,000 since the preceding Board meeting:**

- Department of Central Services; Mailing/Printing of Individual Registration Letters -\$5,652.97
- Govconnection Inc; Desk Scanners for each employee - \$8,146.02

Executive Director Ross also congratulated Janice and Rodney Gray on Rodney's induction into the Accounting Hall of Fame on June 10.

**Agenda Item #14a – Chair’s Announcements:** Chair Gray expressed her appreciation for the opportunity to serve as Chair and thanked Board members for their hard work. Chair Gray noted that she tried to work closely with Vice Chair Ley and Secretary St. John. In the past the Board Chair only approved the agenda. Although that is still the case for final approval, the Executive Committee has been included in the process this past year. She believed that has been a positive change. Chair Gray stated she is working closely with Vice Chair Ley to ensure there is a smooth transition. She stated they have spent some time discussing, and both have a commitment to, a long-term project of updating the rules and regulations. Chair Gray stated that they are not trying to change the law or rules, but to make them more readable and possibly get them in line with the Uniform Accountancy Act as to format.

**Agenda Item #14b – Announce date and location of the next meeting:** It was noted that the next meeting is scheduled to be held on Friday, July 15, 2011, at the OAB Board Room, 201 N.W. 63<sup>rd</sup> Street, Suite 210, Oklahoma City, OK 73116.

**Agenda Item #15 – Adjourn:** There being no further business to come before the Board, Chair Gray entertained a motion to adjourn.

Motion by Shoemake that the meeting be adjourned. Second by St. John.

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

The meeting was adjourned at approximately 9:52 a.m.

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Barbara A. Ley, Chair

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Mike Sanner, Secretary

\_\_\_\_\_  
Date

**APPENDIX I****CERTIFICATES/LICENSES SURRENDERED BY REGISTRANTS:****CPAs:****Coming into Oklahoma to practice under Mobility:**

Marc B. Scher	Certificate No. 15210-R	Issued Sept. 28, 2001
Steve G. Scott	Certificate No. 15354-R	Issued Jan. 25, 2001

**No Longer Practicing in Oklahoma:**

Robert Andrews East	Certificate No. 5474	Issued Jan. 26, 1981
Tim O. Moran	Certificate No. 14543	Issued Aug. 2, 1999
Bradley D. Forsberg	Certificate No. 14621-R	Issued Nov. 19, 1999

**Retired:**

Charles Thomas Pendergraft	Certificate No. 2102	Issued July 27, 1968
Ira Joe Craig, Jr.	Certificate No. 7555	Issued July 26, 1984
Vernon Dale Keepers	Certificate No. 2628	Issued Jan. 31, 1972

**PAs:****Retired:**

Lois May Craft	License No. 561	Issued March 15, 1969
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**DECEASED REGISTRANTS:****CPAs:**

Joe Dale Nelson	Certificate No. 1151	Issued July 23, 1956
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**DISSOLVED FIRMS:****CPA Corporations:**

Bonney, Percival & Sheets, A Professional Corporation  
 James C. Chapman, P.C.  
 O'Connor & Drew, P.C.  
 Ann L. Francks, CPA, P.C.  
 Berberich Trahan & Co., P.A. Professional Association (Kansas)  
 John M. Arledge & Associates, A Professional Corporation

**CPA Limited Liability Companies:**

Lurene Ockerman CPA, PLLC  
 Warinner Gesinger & Associates, L.L.C. (Kansas)  
 Dixon Hughes, PLLC  
 Doyle Farrar & Associates PLLC

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

Brian Joseph Blundell  
 Kristen Michelle Collins  
 Jonathan Curt Niccum  
 Kerwin Keena Vanfield  
 Eric Michael Wagaman

**APPLICATIONS FOR TRANSFER OF EXAM CREDITS:**

Ricardo Eddy Jarve (Texas)  
 Jonathan Fletcher Steele (New York)

**APPLICATIONS FOR CERTIFICATION (Successful Candidates):**

16941	Ibrahim Bello Issa
16989	Carly Renée Gilkerson
17029	Genevieve Dela Torre Foster
17031	Megan Rachelle Fredrickson
17049	Tonia Darnette Lavon Fitzpatrick
17054	Patricia Menezes Mendoza
17056	James William Alvey
17060	Tyra L. Joplin
17066	Eric Michael Wagaman

**APPLICATIONS FOR RECIPROCAL CPA CERTIFICATES:**

Jeffrey Cullison (Iowa)  
 Laura DeCelles Johnson (Missouri)

**APPLICATIONS FOR REINSTATEMENT OF CPA CERTIFICATES:**

10326	Katharine Kuntz Roberson
12698	Andrew Lynn Crawford
14561	Christopher John Rhodes

**INITIAL FIRM REGISTRATIONS OF PROFESSIONAL CORPORATIONS:**

C. G. Olsen, P.C.  
 Fortner, Bayens, Levkulich & Garrison, P.C.

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**INITIAL FIRM REGISTRATIONS OF PROFESSIONAL LIMITED LIABILITY COMPANIES:**

Sullivan CPA, PLLC  
Payne & Smith, LLC (Texas)

**INITIAL FIRM REGISTRATIONS OF PROFESSIONAL LIMITED LIABILITY PARTNERSHIPS:**

Dixon Hughes Goodman LLP