

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

May 19, 2011

The Oklahoma Accountancy Board (OAB) convened in regular session on Thursday, May 19, 2011, in the Board Room of the Oklahoma Accountancy Board, 201 NW 63rd 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
Vicky Petete, CPA, Member
Mike Sanner, CPA, Member
Kim Shoemake, CPA, Member

Board staff present at the meeting: Randy Ross, Executive Director; Colin Autin, Peer Review Coordinator; Michael Mount, CPE Coordinator; Linda Ruckman, Licensing Coordinator; LaLisa Semrad, Enforcement Coordinator; and Matthew Sinclair, Records Coordinator. Assistant Attorneys General David Kinney and John Crittenden were present for segments of the meeting. Randall Calvert, Special Prosecutor for the OAB, was also present for relevant segments of the meeting.

Agenda Item #1a – Call To Order: At approximately 8:35 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 announced that Members St. John and Cunningham were at a Senate Confirmation Hearing at the State Capitol and would be joining the meeting at the conclusion of the Hearing. She also announced that Member Sanner had a conflicting engagement with a client and hoped to later join the meeting. If unable to do so, his absence would be excused.

Agenda Item #2 – Announcement of Visitors: The following visitors were present: Daryl Hill, representing the Oklahoma Society of Certified Public Accountants (OSCPA); Kellie Wright, representing the Oklahoma Society of Accountants (OSA); Brenda Wright, representing Crawford & Associates; and former Board Member Tom Volturo and his wife, Andrea Volturo.

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 five items for the OAB's consideration; (1) Approve the Minutes of the April 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 April 30, 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 Executive Director; (5) Approve the actions taken by the Executive Director on applications and registrations filed since the previous meeting. (Appendix I)

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

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

Note: Throughout the remainder of the meeting, the order of Agenda Items was changed to accommodate visitors' and Board members' schedules.

Agenda Item #10 – Discussion and possible action on report from Audit and Budget Committee:

Agenda Item #10A – Proposed policy from Audit and Budget Committee regarding the collections of outstanding costs and fines: Member Petete noted that she and Committee Chair Sanner have discussed the issues stated on the agenda and that she is presenting the Audit and Budget Committee's proposals on behalf of Committee Chair Sanner. Member Petete then briefly reviewed the recommendations of the Committee with regard to a Proposed Board Policy on Outstanding Fines and Costs from Disciplinary Orders. She noted that the Committee recommends that the outstanding fines and costs continue to be presented on the financial statements and that all outstanding fines and costs due over one year would be fully reserved on the financial statements unless a payment plan has been arranged and payments are current. Member Petete then requested that Executive Director Ross provide information with regard to the recommendations related to outstanding fines and costs due from non-registrants.

Executive Director Ross stated that there are two parts to the recommendation. It is very difficult to collect from out of state non-registrants. The Oklahoma Tax Commission (OTC) went through the RFP process and has contracted with a law firm out of Houston, Texas. This firm provides collection services for governmental entities throughout the United States. Executive Director Ross stated that what the OAB can try to do is "piggy back" on that contract with the OTC. If successful, these outstanding fines and costs would be turned over to the law firm. If an individual owed the OAB \$100.00, the law firm would collect \$100.00 plus a collection fee. The \$100.00 would be

remitted to the OAB and the law firm would keep the collection fee. The OAB would be whole and would not take a discount under the contract. The second part relates to non-registrants who reside in Oklahoma. Any outstanding receivables from these non-registrants would be turned over to the OTC to be put into the warrant intercept program. If any of these individuals are eligible for a state tax refund, the OTC would snag the refund and send the money from the refund to the OAB. In this arrangement, the OAB would pay a 2% fee to the OTC for handling of the collection.

Member Ley asked if the OAB has the right to add a collection fee to the costs already assessed in a Board Order. Executive Director Ross stated that this issue would be researched. If it is determined that it cannot be done in that manner, there would have to be negotiations with the law firm as to what percentage of the amount collected would be retained as the law firm's fee. Member Ley noted that some of the outstanding receivables are very old and a few individuals with outstanding balances are incarcerated. She asked that any policy developed allow for judgment to be utilized when deciding whether it is prudent to spend OAB resources trying to collect something that in all practicality would yield to be uncollectible. Executive Director Ross stated that those known to be uncollectible, such as the single outstanding receivable in the amount of \$1.8 million, would not be sent for collection. Member Ley stated that she understands common sense will be employed.

It was discussed that it could require snagging an individual's tax refund for several years in order to recover the total amount due the OAB. It was also discussed that if the amount recovered does not cover the total of the costs and fines due, it would first be applied to cost and the balance would be applied to fines and turned over to the General Revenue Fund. There was also discussion as to how the amount collected would be reflected on the financial statements when a collection fee is involved.

Chair Gray then recognized Assistant Attorney General David Kinney. She noted that Mr. Crittenden had a last minute conflict arise and that Mr. Kinney would be representing the Board until Mr. Crittenden arrives.

Assistant Attorney General Kinney stated that when utilizing the OTC to collect outstanding balances, an agency must have a procedure in place to handle appeals should a taxpayer claim that they had no outstanding balance due the OAB. Any hearing on such an appeal would be held before the OAB rather than being heard by the OTC.

Motion by Petete to approve the Proposed Board Policy on Outstanding Fines and Costs from Disciplinary Orders as presented. Second by Shoemake.

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

Agenda Item #10C – Discussion and possible action to change financial presentation methodology: Member Petete expressed appreciation to Executive Director Ross for taking the initiative to suggest a different format for the financial

statement presentation. She noted that Executive Director Ross has visited with Crawford & Associates regarding the format, and Brenda Wright is present on behalf of Crawford & Associates to discuss the proposed change in the financial presentation methodology.

Ms. Wright stated that basically the decision the Board has to make is whether it wants the financial statements presented on a governmental fund type basis or on a business type activity basis. In the past, it has been done as a governmental activity. It is the OAB's goal to collect the fees to cover its cost. She stated that as Crawford & Associates has dealt with more state agencies that have chosen to go on a business type basis activity, the firm thought it should probably be doing the same for the OAB. In essence, total accrual financial statements are in the OAB's financial report. Currently two sets of financial statements are prepared, one at the fund level and one at the government wide level. If the Board switches to the full business type activity, the fund level financial statements will no longer be prepared. Ms. Wright then reviewed the differences in the two types of presentation and noted the biggest change would be adding a cash flow statement. Chair Gray stated that it appears the only additional thing Crawford & Associates would have to do is draft the cash flow statement for 2010. Ms. Wright responded that the State Auditor, or whoever performs the audit, would audit the cash flow statement. Crawford & Associates would prepare the cash flow statement early so that the auditor would have sufficient time for their work.

Ms. Wright noted that if the Board does not choose to change the format, Crawford & Associates would be required to implement GASB 54 this fiscal year, which redefines the whole fund balance section for governmental activity. GASB 54 does not affect the business type activity format.

Member Petete stated that it is the recommendation of the Audit and Budget Committee to change the financial statement format to the business type activity format beginning with the audit as of June 30, 2011. Executive Director Ross noted that although it would not be required, budget to actual comparisons would probably continue to be shown if the format is changed.

It was discussed that it does not appear the income statement would be presented in a standard format. Ms. Wright indicated that it used to be presented in a standard format, but a few years ago Crawford & Associates was asked to change the format in which the government presents their income statement. She did not think it would be a problem to go back to the standard format.

Motion by Petete to change the financial statement format to the business type activity format beginning with the audit as of June 30, 2011, with a standard income statement presentation, and that outstanding fines and costs due over one year would be fully reserved on the financial statements unless a payment plan has been arranged and payments are current. Second by Shoemake.

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

Agenda Item #10D – Discuss and possible action on amendments to the purchasing policy: Member Petete stated that the Executive Director and Board staff submitted the proposed amendments to the purchasing policy to the Audit and Budget Committee for approval. The Committee did approve the recommended amendments and is therefore bringing it to the Board for consideration.

Member Petete advised the Board that currently the Executive Director and/or designee may approve purchases for goods and services not to exceed \$2,500.00. It is proposed that this be increased to \$5,000.00 as indicated in Item 1. As a result of the proposed change to Item 1, Item 2 would be changed to indicate that any purchases over \$5,000.00 and not exceeding \$10,000.00 would require approval of the Board Chair.

Member Petete noted the other proposed amendments deal with the purchase of goods and services using the P-card. There is currently a \$500.00 limit on single purchases using the P-card. It is proposed that this limit be increased to \$1,000.00.

Executive Director Ross advised the Board that there is systemic auditing performed by the Department of Central Services (DCS). DCS staff audits 100% of P-card transactions quarterly and the transactions are posted on Open Books which the public looks at constantly. Member Ley asked Executive Director Ross if he has had a chance to review the internal controls in place in relation to the P-cards. Executive Director Ross stated that there are no transactions on a P-card without his approval. Member Ley inquired as to the reconciliation process for verifying charges. Mr. Autin stated that there are three reports generated including a billing statement and invoice. Those are compared to the receipts and the Executive Director's approvals. Member Ley asked if the reconciliations are performed by a staff member other than the individual authorized to use the P-card. Mr. Autin stated that he is authorized to use the P-card and he does do the reconciliation; however, it is then given to the Executive Director to reconcile as well so there is upper level management review and approval. Executive Director Ross stated that he is ultimately responsible and that he is going to make sure it is done right.

Assistant Attorney General Kinney stated that he gets a notice of all DCS audit reports issued. He believed the OAB had one two or three years ago and that it was very clean.

Executive Director Ross noted that one of the benefits to the OAB is that the OAB will receive a rebate for P-card purchases under the new contract; therefore, it is very attractive for state agencies to maximize their P-card transactions.

There was discussion regarding purchases that would have to be reported to the Board. It was the consensus of the Board that if the proposed amendments are approved, the Executive Director would report purchases in two categories. The first category would be purchases over \$2,500.00 but not more than \$5,000.00 that did not require advance approval of the Board Chair, and the second category would be purchases made with approval of the Board Chair between \$5,000.00 and \$10,000.00.

5863.

Motion by Petete to approve the proposed amendments to the OAB's Internal Purchasing Procedures as presented.
Second by Shoemake.

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

HEARING DOCKET

Case 1820 – Hearing in the matter of W. Kirk Clausing, CPA, Certificate No. 2200:

Special Prosecutor Calvert reported that there is an agreement in principle to settle this matter. There is one question regarding the agreement that has been deferred for the Enforcement Committee which will be held later today. Chair Gray announced that this Case will be deferred to the June Board meeting.

Case 1874 – Hearing in the matter of Kent Alan Mayberry, PA, License No. 1067:

This matter came on for hearing at approximately 9:15 a.m. The members of the Oklahoma Accountancy Board present were seated on the hearing panel.

Assistant Attorney General David Kinney advised the Board. The Respondent was not present and was not represented by counsel. Special Prosecutor Calvert represented the State. No witnesses were called on behalf of the State.

Special Prosecutor Calvert stated that a complaint was filed for Respondent's failure to comply with a prior Order. Respondent is now current on his payments and has submitted an affidavit that he has not performed any audits as required by the prior Order. However, the prior Order required Respondent to complete a peer review for the period prior to his Order. Respondent enrolled through the OSCPA and was referred to a reviewer. Respondent has essentially been told that a peer review cannot be done on something five years old.

There was discussion as to whether or not Respondent would have been able to complete the peer review had he enrolled promptly when the prior Order was issued rather than waiting until the complaint regarding non-compliance with the Order was filed. Chair Gray noted that she would probably have declined the peer review even at that time. Vice Chair Ley felt that if Respondent had enrolled in a timely manner it would have been permissible by the rules to complete the required peer review, although it might have been practically impossible.

Chair Gray asked if there were any motions. Hearing none, Chair Gray stated this Case would be held for Executive Session.

Case 1858 – Hearing in the matter of Charles S. Powell, CPA, Certificate No. 2648:

This matter came on for hearing at approximately 9:25 a.m. The members of the Oklahoma Accountancy Board present were seated on the hearing panel.

Assistant Attorney General David Kinney advised the Board. The Respondent was not present and was not represented by counsel. Special Prosecutor Calvert represented the State. No witnesses were called on behalf of the State.

Special Prosecutor Calvert noted that this Case was heard at the April Board meeting. This involved a Respondent who had a prior Order which had been taken to District Court resulting in a District Court Order as well. Respondent's non-compliance with the prior Board Order has resulted in a new Order. Mr. Calvert stated that because the Board asked that the prior sanctions be incorporated into the new Order, he is bringing the Findings of Fact, Conclusions of Law, and Relief Order back to the Board for review.

The Relief Order contained the following terms: 1) Respondent's certificate is revoked for "cause"; 2) Respondent is fined \$5,000 for violating the Act and/or the Board's Rules by failing to comply with the Final Order entered December 14, 2001; 3) The Board reaffirms the Judgment against Respondent on August 22, 2003, *State of Oklahoma, ex rel., Oklahoma Accountancy Board v. Charles Swinford Powell*; Oklahoma County District Court Case No. CJ-2002-10821, in the amount of \$17,800.00; 4) Respondent must immediately return his certificate, or provide an affidavit of lost certificate to the Board; 5) Should Respondent apply for reinstatement, Respondent must meet his burden of proof at a show cause hearing, and have completed Professional Ethics: AICPA's Comprehensive Course with a score of 90% or better, which was taken no earlier than ninety (90) days prior to applying for reinstatement. All fines and costs must be paid prior to applying for reinstatement; 6) Respondent is assessed costs and attorney fees associated with this disciplinary proceeding in the amount of \$1,586.95; 7) Notice of the Order will be sent to the Arkansas State Board of Public Accountancy; 8) Any failure of Respondent to comply with any of the terms of this Order shall result in an immediate hearing before the Board. A proven violation of this Order, the Act, or the Board's Rules authorizes the Board to take such other and further action as the Board may deem appropriate under the Act; 9) Respondent and the Board acknowledge that the Board has stated for the record that all violations of this Order, the Act or the Board's Rules are viewed as very serious in nature; 10) A copy of this Order will be on file in the Board's offices and will be made available to any person who inquires and requests access to the Board's records. Notice of these proceedings will be reported by press release, in the Board's Bulletin, available online through the Board's website, and as otherwise deemed appropriate by the Board.

Motion by Petete that it is the finding of the Board that the Findings of Fact, Conclusions of Law, and Relief Order as presented in Case 1858 be the Order of the Board and that the Chair be authorized to sign the document. Second by Shoemake.

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

The proceedings and the individual votes of the members were conducted in open session. The evidence is contained in Docket File No. 1858.

Case 1877 – Hearing in the matter of Ruth A. Fox, CPA, Certificate No. 10128-R and R.A. Fox & Associates, Inc. PC., Firm No. 12975: This matter came on for hearing at approximately 9:30 a.m. The members of the Oklahoma Accountancy Board present were seated on the hearing panel.

Assistant Attorney General David Kinney advised the Board. The Respondent was not present and was not represented by counsel. Special Prosecutor Calvert represented the State. No witnesses were called on behalf of the State.

Special Prosecutor Calvert moved for the admission of Exhibits 1 through 15. Chair Gray accepted Exhibits 1 through 15 into the record.

Special Prosecutor Calvert noted that although this is a CPE case, the Board did receive a complaint regarding the listing of Respondent's firm in the yellow pages. He noted that with regard to the firm issue, fines have not been assessed on such violations unless documentation can be obtained showing Respondent was involved in placing the ad.

The Special Prosecutor presented a Consent Order signed by the Respondent under the following terms: 1) Individual Respondent has violated Section 15.35 (C) of the Act and Section 10:15-30-5(a) and (b) of the Board's Rules by failing to complete continuing professional education and failing to file the reporting form for the 2008 compliance period, either reporting CPE earned, or claiming an exemption, and is assessed a fine in the amount of \$500.00; 2) Individual Respondent must complete and report to the Board the past due CPE within ninety (90) days from the effective date of this Administrative Consent Order; 3) Individual Respondent is assessed costs and attorney fees associated with this disciplinary matter in the amount of \$1,327.22; 4) Respondent is required to pay the fine, costs and attorney fees within four (4) months of the effective date of this Consent Order. Respondent must make four (4) payments, with the first payment due on or before May 19, 2011, and subsequent payments due on or before the 19th day of each succeeding month; 5) Any failure of Individual Respondent to comply with any of the terms of this Consent Order shall result in an immediate hearing before the Board. In addition, a proven violation of this Consent Order, the Act, or the Board's Rules, authorizes the Board to take such other and further action as the Board may deem appropriate under the Law; 6) Individual Respondent agrees not to violate the Act or Board's Rules in the future; 7) Individual Respondent and the Board acknowledge that the Board has stated for the record that all violations of this Consent Order, the Act, or the Board's Rules are viewed as very serious in nature. Any further violations by Individual Respondent will be grounds for the Board to convene a hearing to determine Individual Respondent's eligibility to retain any Certified Public Accountant's certificate, license and/or permit to practice public accounting which may, at that time, be held by the Individual Respondent; 8) A copy of this Consent Order shall be on file in the Board's offices and shall be made available to any person who inquires and requests access to the Board's records. Further, notice of these proceedings should be reported by press release, in the Board's Bulletin, online through the Board's website, and as otherwise deemed appropriate by the Board.

Motion by Ley to accept the Consent Order in Case 1877 as presented. Second by Petete.

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

Chair Gray asked that Enforcement Coordinator Semrad draft a letter advising Respondent that her firm advertising needs to be exactly in the name of her registered entity.

The proceedings and the individual votes of the members were conducted in open session. The evidence is contained in Docket File No. 1877.

Note: Although Member Cunningham entered the Board Room at approximately 9:36 a.m., during the Hearing on Case 1877, Member Cunningham did not participate in the Hearing.

Hearing Docket – Executive Session – Case 1874:

Motion by Petete that the Board go into Executive Session for deliberations on Case 1874. Second by Shoemake.

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

It was noted for the record that Members Gray, Ley, Petete and Shoemake, and Assistant Attorney General Kinney would be the only individuals participating in the Executive Session.

The Board entered into Executive Session at approximately 9:40 a.m.

Motion by Ley to come out of Executive Session. Second by Petete.

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

The Board came out of Executive Session at approximately 9:47 a.m. It was noted for the record that no votes were taken during the Executive Session.

Case 1874 – Hearing in the matter of Kent Alan Mayberry, PA, License No. 1067:

Motion by Ley that Mr. Mayberry be found to be in violation of the Consent Order entered into in Case 1706 and that such Consent Order is fully confirmed in total; that Mr. Mayberry be placed on an additional five year probation in addition to the probation originally agreed to, with the additional five years beginning immediately after the

termination of the prior probation; that Mr. Mayberry be fined \$2,500.00 for failure to comply with the Consent Order and assessed all costs related to this Case in the amount of \$1207.51; and that the OAB Enforcement Coordinator send Mr. Mayberry a letter reminding him that the original Consent Order prohibits him from performing any audit work and that will continue in effect unless he comes before the Board to request a change. Second by Shoemake.

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

The proceedings and the individual votes of the members were conducted in open session. The evidence is contained in Docket File No. 1874.

Motion by Petete to adjourn the hearings. Second by Ley.

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

The hearings were adjourned at approximately 9:55 a.m.

After the hearings were adjourned, Member St. John and Assistant Attorney General Crittenden joined the meeting. Assistant Attorney General Kinney then left the meeting.

Agenda Item #16 – Presentation to commemorate Board member’s service to the Oklahoma Accountancy Board: Chair Gray expressed appreciation to former Board member Volturo for his service on the Board. She then presented him with a commemorative plaque from the Board containing the following inscription:

*Presented To
Tom Volturo
For Dedicated Service to the Oklahoma Accountancy Board
Member February 2003 – March 2011
Board Chair July 1, 2007 – June 30, 2008
Vice Chair July 1, 2006 – June 30, 2007
Vice Chair July 1, 2005 – June 30, 2006*

Member St. John stated that it has been a great eight years and he enjoyed being associated with Mr. Volturo on the Board. Former Board Member Volturo stated that he enjoyed working with and getting to know each Board member. He said it was a lot of fun and a lot of work, and it has been very rewarding.

Chair Gray noted that the normal process when a new Board member is appointed is that it has to go through the Senate confirmation process before they are a sitting Board member. There is an exception if the individual is appointed to replace a Board member who is deceased, who has resigned, etc. Since former Board Member Volturo

resigned and Karen Cunningham was appointed to replace him, she is a sitting Board member although the Senate has not completed the confirmation process.

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.

ADMINISTRATIVE CONSENT ORDERS:

Case No. 1883 – Wayne D. Chambers, CPA

Respondent was convicted of making a false statement to a grand jury. An Administrative Consent Order was offered by the Enforcement Committee and accepted by the Respondent whereby Respondent's certificate is revoked for "cause," immediate return of the CPA certificate is required, and Respondent is assessed costs and attorney fees in the amount of \$485.98, which must be paid prior to applying for reinstatement. Should Respondent apply for reinstatement, Respondent will be required to demonstrate at a hearing that Respondent satisfies the requirements for reinstatement, and has completed Professional Ethics: AICPA's Comprehensive Course with a score of 90% and taken within ninety (90) days prior to applying for reinstatement. 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 48 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 (includes 4 hours of ethics).

Peer Review Status: Not Applicable.

Motion by Ley to accept the Administrative Consent Order in Case No. 1883. Second by Shoemake.

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

Vice Chair Ley presented a written summary of enforcement activity during the third quarter of the current fiscal year and summary of costs and fines receivable. Vice Chair Ley noted that as of March 31, 2011, there were 77 enforcement files pending.

Agenda Item #6 – Discussion and possible action on report from the Outreach Committee: Vice Chair Ley addressed this item. She reported that the Outreach Committee would be meeting briefly after the Board meeting adjourns. The primary

item the Committee will be discussing is potential meeting sites on campuses for the coming fiscal year. She requested that Board members provide any suggestions they might have to staff or to Committee members.

Vice Chair Ley reported that the next Recognition Ceremony, which is held twice a year for the recognition of those who have passed the CPA exam, will be Saturday, June 25, at the State Capitol. She noted that those who attend will see new signage that has been arranged by staff. She noted that the Committee is still attempting to move into the direction of coordinating all outreach materials.

Vice Chair Ley reported that the Outreach Committee has received information that staff has been looking at a schedule for attendance/exhibitor booths at various conferences. Staff is currently planning on attending the OSCP Spring Industry Conference which will be held tomorrow, and the Annual OSCP Members Meeting which will be held June 10 in Tulsa.

Agenda Item #7 – Discussion and possible action on nominations for the NASBA Nominating Committee Members, Directors-at-Large and Regional Directors positions: Chair Gray addressed this item. She noted that at the April Board meeting the Board voted to nominate her as Regional Director, and she has received letters from all five states in the Southwest Region.

Chair Gray noted that two letters have been received regarding nominations for Director-at-Large positions. A letter was received for Kenneth Odom from Alabama and for Richard Isserman from New York. Others who are seeking a seat as Director-at-Large are Lori Tish who is currently the Pacific Northwest Regional Director and Leonard Sanchez who is from the Southwest Region. Chair Gray noted that Leonard Sanchez was a Board member until last year and was not re-nominated. Mr. Sanchez has requested that the Oklahoma Board provide a letter of support for his nomination for a Director-at-Large position. Chair Gray noted that she believes all four of the individuals seeking a seat would be very good NASBA Board members. There are 20 Board positions at NASBA, and four are currently held by individuals from the Southwest Region.

Motion by St. John that the OAB support the nomination of Leonard Sanchez as Director-at-Large. Second by Petete.

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

Chair Gray requested that staff prepare a letter of support for Leonard Sanchez to be sent to NASBA and the other state boards.

Agenda Item #8 – Discussion and possible action on nominations for the NASBA's 2011 awards: Executive Director Ross addressed this item. It was noted that the NASBA awards include the William Van Rensselaer Public Service Award, the Distinguished Service Award, and the Lorraine P. Sachs Standard of Excellence Award. Executive Director Ross noted that former Executive Director Steele expressed interest

in being nominated for the Lorraine P. Sachs Standard of Excellence Award, but it has been verified with NASBA that she does not meet the qualifications since she is not an active Executive Director. There was discussion regarding the qualifications for the awards and past recipients.

Agenda Item #9 – Discussion and possible action on report from the Legislative Committee: Chair Gray addressed this item. She reported that Senate Bill 270 has been signed by the Governor. The bill will become effective August 25, 2011. She noted that the Legislature is trying to complete its work so that it can adjourn on May 20.

Executive Director Ross reported on HB 1601 and SB 772 which the OAB has been tracking. It appears that SB 772 will basically set up a task force to address the consolidation issue, and HB 1601 will set up a portal at the Office of State Finance and allows the Chief Information Officer to exempt licensing agencies that cannot complete the licensing easily through the use of the online portal. He stated that if the bill is approved, it will be requested that the OAB be exempt.

Chair Gray noted that the State Chamber worked very hard on the part of the various professional licensing agencies to get the Legislature to take a more in-depth look at the licensing process before going forward with the consolidation that had been proposed. Former Board Member Carlos Johnson has also been very involved. Chair Gray stated that six agencies will have a seat on the task force. She believed it is important that a Board member or someone from the profession that really understands what is involved in getting a CPA certificate/PA license be appointed to the task force.

Agenda Item #10 – Discussion and possible action on report from Audit and Budget Committee:

Agenda Item #10B – Discussion and possible action on Fiscal Year 2012 Budget: Member Petete addressed this item. Member Petete noted that the proposed budget for FY 2012 shows the differences from the FY 2011 budget and provides an explanation for each difference. There was discussion regarding concern expressed by Chair Gray and Vice Chair Ley regarding the proposal to decrease the amount budgeted for Investigation Consultants.

Executive Director Ross stated that the proposed budget is \$304,000 less than the FY 2011 budget; however, the agency incurred moving costs and other non-recurring expenses during FY 2011. He noted that if necessary the budget can be brought back to the Board for revision.

There was considerable discussion regarding the fact that "Cost Recovery" was included in the budget. It was noted that this item has not previously been budgeted. Vice Chair Ley stated that it has never been assumed in terms of budget purposes that people would be found guilty of violations. Executive Director Ross noted that he reviewed the last three years of collections in that category. He tried to match the income reflected in the budget to prior income from whatever source.

5871.

Motion by Petete to approve the proposed Fiscal Year 2012 Budget with the change that the amount budgeted for Investigation Consultants be increased to \$100,000.00. Second by St. John.

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

Agenda Item #11 – Discussion and possible action on recommendation from CPE Coordinator regarding 2011 CPE audit: Member St. John stated that the CPE Committee has reviewed CPE Coordinator Mount's recommendation. He then asked Mr. Mount to present the recommendation to the Board.

Mr. Mount stated that last year approximately 628 registrants self-reported that they were out of compliance with CPE requirements. Staff began working those file and extensions were granted allowing registrants to use hours from 2010 to meet deficiencies from previous years. Most registrants have been brought into compliance. Mr. Mount stated that he would propose selecting those individuals for audit this year to ensure that 2010 hours that were used to meet deficiencies for prior years did not result in a shortfall for 2010.

Mr. Mount stated that one issue is that in the past a random audit was done each year. A lot of time lapses between registrant's reporting, when the audit is run, and when the registrants can correct deficiencies. Mr. Mount proposed that in order to be more responsive, the audit should be run more often. He proposed performing a quarterly random audit beginning in January 2012. Mr. Mount noted that it is proposed that beginning in 2012, every three months staff would run a query to determine who is out of compliance based on self-reporting. This self-reporting verification would be in addition to the random audit which would require registrants to supply certificates of completion for CPE.

Chair Gray expressed concern that those selected for the random audit with birth months in October through December would likely be asked to provide CPE documentation during the busiest time for most practitioners. Vice Chair Ley stated that it is a very busy time for most people in industry as well as they are closing out for the year. There was considerable discussion about alternative audit scheduling which would be more cognizant of registrant's time.

Mr. Mount reported that he has about 30 registrants who previously self reported deficiencies and have not yet been brought into compliance. Vice Chair Ley stated that if the Registrant's have not met the administrative deadlines, it needs to be referred to the Enforcement Committee.

Member Cunningham suggested that when letters are sent to those being audited, the deadline for a response be the first day of a month such as June 1 or August 1 rather than indicating the response must be received in 30 or 60 days. Member Ley agreed that it would be good to provide a definitive date.

Chair Gray stated that Mr. Mount has done a really good job on the proposal, but she felt it needs a little tweaking. She requested that consideration be given to the issues discussed and that a revised proposal be brought back to the Board.

Agenda Item #12 – Discussion and possible action to opt to allow Oklahoma candidates to have the option to sit in international testing centers: Executive Director Ross addressed this item. He reported that NASBA has sent a letter inquiring as to whether or not the OAB wishes to opt in and allow candidates the option to sit in international testing centers. Opting in would allow an Oklahoma resident who might be working in Bahrain, Japan, Lebanon or the United Arab Emirates for a US based company to sit for the exam in an international testing center rather than having to fly back to the United States to take the exam. He noted that there are stringent requirements to be met in order for them to do that.

Chair Gray noted that being able to test in an international location would also serve those in the Armed Services who are stationed overseas. Chair Gray reported that in April the NASBA Board was given an extensive overview of the process, and it is very secure. She added that it is due to security issues that it is being limited to Bahrain, Japan, Lebanon and the United Arab Emirates at this time. A candidate taking the exam at an international location would still have to meet all of Oklahoma's requirements. Member Ley noted that there is an additional fee which would be the responsibility of the candidate.

Motion by Ley that Oklahoma candidates be allowed to sit in an international testing center approved by NASBA so long as the candidate bears the responsibility for any additional fees for the international testing center. Second by Petete.

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

Member Sanner joined the meeting during the discussion on Agenda Item #12, at approximately 11:06 a.m.

Agenda Item #13 – Discussion and possible action on renewal of FY 2012 professional services contracts: Mr. Autin, the OAB's Certified Procurement Officer, addressed this item. A list of professional service contracts and the hourly rate that was requested by each service provider for FY 2012 was presented. Mr. Autin stated that there is not much change from the previous year. As suggested by the Enforcement Committee, the services of an alternate ALJ has been secured so that backup is available when needed. That individual has requested reimbursement at the same rate as the current ALJ.

Mr. Autin noted that Ann Fields' term on the Peer Review Oversight Committee (PROC) will be expiring. The Board's Peer Review Committee as well as Executive Director Ross are working to identify candidates that the Board Chair could consider for nomination. Mr. Autin stated that with regard to the PROC, at this time he would just present Mr. Williams and Mr. McGuire for professional contract extensions.

Chair Gray asked if the contract with CDS Systems Inc. for programmer services will go away when the enterprise licensing system, AMANDA, is in place. Mr. Autin responded affirmatively. He stated that AMANDA will ultimately replace the current internal systems, ARSYS and CANSYS.

Motion by Ley to approve the FY 2012 professional services contracts as presented. Second by Petete.

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

Agenda Item #14 – Discussion and possible action on request from Steven Duane Davidson to waive the ethics exam requirement for reinstatement of his CPA certificate:

Licensing Coordinator Ruckman addressed this item. Ms. Ruckman advised the Board that Mr. Davidson's CPA certificate was revoked effective January 1, 2011, for failure to register. He was originally certified in January of 1979. Ms. Ruckman stated that she corresponded via email with Mr. Davidson regarding his request that the ethics courses he had taken for his continuing legal education (CLE) be substituted for the ethics exam required by the OAB. Mr. Davidson was advised of the policy related to a substitution being considered and advised that the CLE he completed would not qualify for substitution under the policy. Mr. Davidson then responded via email and by letter to the Board dated April 14, 2011, that he wanted the Board to consider his request that the ethics exam requirement be waived or that the CLE be accepted as a substitution.

Chair Gray noted that the basis for Mr. Davidson's request was the fact he did not receive the registration notice because his office moved. Ms. Ruckman reported that Mr. Davidson indicated the U.S. Postal Service had been notified of the address change, and it was Mr. Davidson's contention that it was an error on the part of the U.S. Postal Service because they did not continue forwarding the mail. Ms. Ruckman noted that Mr. Davidson never reported the address change to the OAB as required by Section 15.14(H) of the Act.

Chair Gray asked if there were any motions on this matter. Hearing none, Chair Gray requested that staff send Mr. Davidson a letter advising him that the Board reviewed his request and it was denied, advising him that pursuant to the Board's Rules he should have notified the Board of the address change within 30 days of the change being effective; and advising that the ethics courses he completed for his CLE are not sufficient to qualify as a substitute for the ethics exam required by the OAB.

Agenda Item #15 – Discuss and act on election of officers pursuant to Section 15.4.A of the Oklahoma Accountancy Act:

Chair Gray addressed this item. Chair Gray asked if there were any motions related to the election of the Chair for the next fiscal year.

Motion by Shoemake that Barbara Ley be elected Chair of the OAB for FY 2012. Second by St. John

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

Chair Gray then entertained motions related to the election of a Vice Chair for the next fiscal year.

Motion by Petete that Janice Gray be elected as Vice Chair of the OAB for FY 2012. Second by Shoemake.

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

Chair Gray then entertained motions related to the election of a Secretary for the next fiscal year.

Motion by St. John that Mike Sanner be elected as Secretary of the OAB for FY 2012. Second by Ley.

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

Agenda Item #17 – 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) Deputy Director; c) Licensing Coordinator; d) Examination Coordinator; e) CPE Coordinator; f) Peer Review Coordinator; g) Records Coordinator; h) Enforcement Coordinator; i) Accountant II; j) Administrative Assistant I; and k) Administrative Assistant II:

Motion by Ley that the Board enter into Executive Session to discuss personnel matters. Second by Petete.

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

The Board entered into Executive Session at approximately 11:20 a.m.

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

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

The Board came out of Executive Session at approximately 11:43 a.m.

Chair Gray noted for the record that the Board discussed personnel issues during the Executive Session but no votes were taken.

Agenda Item #18 – Discussion and possible action on report from the Personnel Committee:

Motion by Sanner to promote Colin Autin to Deputy Director in addition to serving as Peer Review Coordinator at a salary commensurate with his new responsibilities. Second by St. John.

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

Agenda Item #19 – New Business: There was no new business discussed.

Agenda Item #20 – Executive Director's Report: Executive Director Ross thanked the Board for allowing him to serve as Executive Director. He also expressed appreciation to staff for the warm welcome he has received. Executive Director Ross reported on the following:

- Pursuant to his agreement with the Board, he has disengaged services from all of his clients. Letters were sent indicating that he would not accept anything after May 15, 2011, nor would he perform any services after May 31, 2011.
- Executive Director Ross attended the OSCPAs Government Audit & Accounting Seminar and made a presentation regarding the conversion to birth month registration renewal.
- Executive Director Ross wrote an article for the OSCPA Wire and for use in the OSCPA Focus regarding firm registration.
- Executive Director Ross met with Daryl Hill and his staff at the OSCPA in an effort to work on several programs to help with outreach and some potential technology items that could assist registrants in the future.
- Executive Director Ross will attend the OSCPA Spring Industry Conference in Tulsa to obtain CPE and to make a presentation.
- The OAB is moving forward with the AMANDA project. Staff recently met with the OSBI to discuss automating the process for background checks in conjunction with the AMANDA project.
- The implementation of the scanning system has been restarted. Staff has met to determine the way it will be organized. Changes are being made to the original

design. Executive Director Ross reported that we are going away from the hub and spoke methodology and instead putting high-speed, small desk scanners on each staff member's desk. The big scanner will be used for high-volume applications. It is believed that this will be more efficient, saving both time and money in the long run. We hope to have it implemented this summer.

- With the change to the enterprise method of reporting for the financial statements, beginning with fiscal year 2012 it is staff's intent to provide monthly financial statements.

Expenditures made by the Executive Director with approval of the Chair between \$2,500 and \$10,000 since the preceding Board meeting:

- Department of Central Services - Central Printing; Initial Registrant Notification for birth month renewal - \$5,450.00
- Attorney General; Legal services provided for April 2011 - \$2,706.20
- Calvert Law Firm; Legal services provided for January 2011 - \$3,487.95
- Ford Audio; Purchase of new Sound System - \$7,799.00
- BEP One; May rent - \$4,392.00
- Attorney General; Legal services provided for May 2011 - \$2,706.20

Agenda Item #21a – Chair's Announcements: Chair Gray reported that she will be speaking at an upcoming State Auditor's meeting. The presentation is on peer review and regulatory changes. Chair Gray noted that she will ask Executive Director Ross to share the podium to make a presentation on the transition to birth month registration and other issues such as the rolling three calendar year CPE requirement, firms ensuring their CPA's are properly registered, etc.

Chair Gray noted that she has asked Member Sanner to Chair the Personnel Committee for the rest of this Fiscal Year.

Chair Gray reported that with regard to the Mike Douglas situation, Mr. Douglas was arrested on May 18. His bond was set at \$25,000.00 by Judge Lucas. Chair Gray stated that she was advised there is a possibility that felony charges will be filed.

Agenda Item #21b – Announce date and location of the next meeting: It was noted that the next meeting is scheduled to be held on Friday, June 17, 2011, at the OAB Board Room, 201 N.W. 63rd Street, Suite 210, Oklahoma City, OK 73116.

APPENDIX I**DECEASED REGISTRANTS:****CPAs:**

| | | |
|-------------------|------------------------|-----------------------|
| Russell A. Neely | Certificate No. 6413-R | Issued Sept. 23, 1982 |
| Adrian F. Reusser | Certificate No. 12596 | Issued Jan. 21, 1994 |

DISSOLVED FIRMS:**CPA Corporations:**

C.B. Dunbar, Jr., CPA, Inc.

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

James William Alvey
 Benjamin David Blosch
 Tonia Darnette Fitzpatrick
 Gilbert Boughton Fletcher
 Tyra Joplin
 Cole Sewell Kouba
 Michael Kevin McDonald
 Patricia Mendoza
 Jacob Edward Pasby
 Julia Rohrs (Non CPA Verifier)
 Roberta Florence Stewart
 Melissa Farrall Thomas
 Alexandria Elaine Wade
 Nicole E. Wade

APPLICATIONS FOR CERTIFICATION (Successful Candidates):

| | |
|-------|-------------------------|
| 16780 | Roger Lee Graham |
| 16972 | Pauline Marie Davis |
| 17017 | Reid A. Brooks (T/C) |
| 17024 | Amanda Joyce Crane |
| 17028 | Amanda C. Brown |
| 17030 | Laura Elizabeth Zerger |
| 17032 | Jennifer Kathryn Arms |
| 17034 | Diane Marie Carlson |
| 17035 | Vanessa Lynn McLaughlin |
| 17036 | Amanda Rae Hubler |
| 17037 | Grant Russell Johnson |
| 17038 | David Michael Sever |

5879.

| | |
|-------|-----------------------------|
| 17039 | Jason A. Henry |
| 17040 | Dakota Cole |
| 17041 | Minh Khanh Vuong |
| 17042 | Travis Lee Rakes |
| 17044 | Julia Rohrs |
| 17046 | Michael McDonald |
| 17050 | Jacob Edward Pasby |
| 17052 | Melissa Farrall Thomas |
| 17053 | Alexandria Elaine Wade |
| 17055 | Gilbert Boughton Fletcher V |
| 17058 | Benjamin D. Blosch |

APPLICATIONS FOR RECIPROCAL CPA CERTIFICATES:

Jason Michael Gudaitis (Florida)
Christopher George Olsen (Texas)

APPLICATIONS FOR REINSTATEMENT OF CPA CERTIFICATES:

| | |
|-------|-----------------|
| 7516 | Kevin W. Archer |
| 10550 | Ron C. Yott |

INITIAL FIRM REGISTRATIONS OF PROFESSIONAL CORPORATIONS:

Orth, Chakler, Murnane & Company, CPAs, PA

INITIAL FIRM REGISTRATIONS OF PROFESSIONAL LIMITED LIABILITY COMPANIES:

Brian Rahlf, PLLC