

OKLAHOMA ACCOUNTANCY BOARD**MINUTES OF REGULAR MEETING**

May 17, 2013

The Oklahoma Accountancy Board (OAB) convened in regular session on Friday, May 17, 2013, at the OAB Board Room, 201 N.W. 63rd Street, Suite 210, Oklahoma City, OK 73116. A recording of the meeting is on file in the OAB office. Members present at the meeting:

Vicky Petete, CPA, Chair
Janice L. Gray, CPA, Vice Chair
Jay Engelbach, CPA, Secretary
Barbara Ley, CPA, Member
Mike Sanner, CPA, Member
Jody Manning, Member
Karen Cunningham, Member

Board staff present at the meeting: Randy Ross, Executive Director; Colin Autin, Deputy Director; Rebekah Flanagan, Administrative Assistant; and LaLisa Semrad, Enforcement Coordinator. Assistant Attorney General John Crittenden was also present.

Agenda Item #1a – Call To Order: At approximately 8:35 a.m. Chair Petete called the meeting to order.

Agenda Item #1b – Declaration of Quorum: Chair Petete 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) Were Unavoidable Pursuant to Title 59, Section 15.3(B)(5): Chair Petete noted that no members were absent.

Agenda Item #2 – Announcement of Visitors: The following visitors were present for the appropriate time: Daryl Hill and Nancy Hyde, representing the Oklahoma Society of Certified Public Accountants (OSCPA); Dean Taylor, representing the Oklahoma Society of Accountants (OSA), and Nick Gales, Member of the OAB Peer Review Committee.

Agenda Item #3 – Public Comment Period: Executive Director Ross advised the Board that he had not received any requests for public comment.

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Agenda Item #4 – Consent Agenda: The Consent Agenda contained four items for the OAB’s consideration; (1) Approve the Minutes of the April 26, 2013, Regular Meeting of the OAB; (2) Take official notice of the preliminary OAB financial statements for

FY 2013, for the month ended April 30, 2013; (3) Take official notice of the experience verification applications which have been approved by the Executive Director; and (4) Approve the actions taken by the Executive Director on applications and registrations filed since the previous meeting.

Vice Chair Gray requested a minor change in the April 26, 2013, Minutes.

Motion by Gray that the Consent Agenda be approved with requested change in the April 26, 2013, Minutes. Second by Sanner.

Affirmative Votes: Cunningham, Engelbach, Gray, Ley, Sanner, Petete and Manning.

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

ADMINISTRATIVE CONSENT ORDERS:

Case No. 1971 – Charles Mullins, CPA

This case was opened as a result of a referral by the Licensing Coordinator that Respondent practiced without a permit for two months. An Administrative Consent Order was offered by the Enforcement Committee and accepted by the Respondent whereby Respondent is assessed a fine of \$500 and costs and attorney fees in the amount of \$101.11, which must be paid in three monthly installments, with the first payment due within thirty days from 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 40 hours for 2009 (includes 0 hours ethics); 40 hours for 2010 (includes 8 hours ethics); and 41 hours for 2011 (includes 4 hours ethics).

Peer Review Status: Registrant is in compliance.

Case No. 1972 – Steven M. Schrader, CPA

This case was opened as a result of a referral by the Licensing Coordinator that Respondent claimed the CPE exemption for compliance years 2009, 2010, and 2011 while Respondent was ineligible to take said exemption, and that Respondent failed to complete required CPE for those same years. An Administrative Consent Order was offered by the Enforcement Committee and accepted by the Respondent whereby Respondent's certificate is revoked for "cause", and Respondent is assessed costs and attorney fees in the amount of \$212.75, which must be paid within thirty days from the effective date of this Order. 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% or better, 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 not in compliance.
Peer Review Status: N/A

Case No. 1973 – Michael A. Smith, CPA

This case was opened as a result of a referral by the Licensing Coordinator that Respondent claimed the CPE exemption for compliance year 2011 while Respondent was ineligible to take said exemption, and that Respondent failed to complete required CPE for that same year. An Administrative Consent Order was offered by the Enforcement Committee and accepted by the Respondent whereby Respondent's certificate is revoked for "cause", and Respondent is assessed costs and attorney fees in the amount of \$159.72, which must be paid within thirty days from the effective date of this Order. 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% or better, 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 not in compliance.
Peer Review Status: N/A

Case No. 1975 – Teresa M. Grossen, CPA

This case was opened as a result of a referral by the Licensing Coordinator that Respondent failed to complete 12.5 hours of required CPE for the three-year compliance period 2009-2011. An Administrative Consent Order was offered by the Enforcement Committee and accepted by the Respondent whereby Respondent is assessed a fine of \$500 and costs and attorney fees in the amount of \$275.36, which must be paid within 30 days from the effective date of this Order. In addition, Respondent must complete the past-due CPE within sixty days from 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 not in compliance.
Peer Review Status: N/A

Case No. 1976 – Hogan Taylor, LLP, CPA Firm

This case was opened as a result of a referral from the Licensing Coordinator that Respondent Firm staffed an employee who was practicing public accounting without a permit, and two employees who failed to timely obtain a reciprocal Oklahoma certificate and permit. An Administrative Consent Order was offered by the Enforcement Committee and accepted by the Respondent whereby Respondent is assessed a fine of \$1,500 and costs and attorney fees in the amount of \$333.36, which must be paid within 30 days from the effective date of this Order. In addition, the Respondent is required to submit a plan of corrective action to avoid future violations of this type. 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

Peer Review Status: Registrant is in compliance.

Case No. 1977 – John R. Cooper, CPA

This case was opened as a result of a referral by the Licensing Coordinator that Respondent practiced without a permit for approximately two months while working for a registered firm. An Administrative Consent Order was offered by the Enforcement Committee and accepted by the Respondent whereby Respondent is assessed a fine of \$500 and costs and attorney fees in the amount of \$186.11, which must be paid within 30 days from 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 42.5 hours for 2009 (includes 0 hours ethics); 40 hours for 2010 (includes 4 hours ethics); and 44 hours for 2011 (includes 4 hours ethics).

Peer Review Status: N/A.

Motion by Gray to approve the following Consent Orders: 1971, 1972, 1973, 1975, 1976, and 1977. Second by Sanner.

Affirmative Votes: Cunningham, Engelbach, Gray, Ley, Sanner, Petete and Manning.

FILES TO CLOSE:

File 1950 – CPA

This file was opened as a result of a referral from the Licensing Coordinator that the registrant may be practicing under an unregistered firm name. The registrant claims that the name was never actually used and was only registered with the Secretary of State to reserve the name for possible future use. There is no evidence that the registrant was practicing under the firm name; therefore, the Enforcement Committee recommends the file be closed.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant was certified in 2010; reported 41 hours for 2010 (includes 5 hours ethics); and 21 hours for 2011 (includes 0 hours ethics).

Peer Review Status: N/A

File 1953 – CPA

This file was opened as a result of a referral from the Licensing Coordinator that the registrant claimed the CPE exemption for years that the registrant was performing accounting work for the registrant's closely held company. The "FAQs" on the Board's website state that an individual may perform accounting work for the registrant's own business without triggering CPE requirements; therefore, the Enforcement Committee recommends that the file be closed.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant has claimed a CPE exemption since 2006.

Peer Review Status: N/A

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File 1980 – CPA

This file was opened as a result of a referral from the Licensing Coordinator that the registrant reported practicing under an unregistered firm, and that the registrant practiced without a permit for twenty days. The registrant claims the firm was never active and that the registrant was not practicing at all during the time of the permit lapse due to taking off the summer months to care for registrant’s children. There is no evidence to the contrary; therefore, the Enforcement Committee recommends the file be closed.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant claimed an exemption for 2009 and 2010, and reported 45 hours for 2011 (includes 0 hours ethics).
Peer Review Status: N/A

File 1990 – CPA

This file was opened as a result of a referral from the Licensing Coordinator that the registrant claimed the CPE exemption for years that the registrant was performing accounting work for the registrant’s employer. After further research, it was discovered that the registrant had submitted an affidavit informing the Board of the accounting related position, and the affidavit was mistakenly approved by staff. Once notified that the registrant did not qualify for a CPE exemption, the registrant submitted sufficient hours to return to active status; therefore, the Enforcement Committee recommends that the file be closed.

OAB Records Summary

CPE Status: Registrant is in compliance with “return to active status” requirements.
Peer Review Status: N/A

File 2020 – CPA

This file was opened as a result of a referral from the Records Coordinator that the registrant may have been practicing without a permit for approximately one month. The registrant has submitted evidence to show that the registrant was unemployed during the time that the permit was lapsed; therefore, the Enforcement Committee recommends that the file be closed.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant reported 41 hours for 2010 (includes 2 hours ethics); 42 hours for 2011 (includes 0 hours ethics); and 42 hours for 2012 (includes 4 hours ethics).
Peer Review Status: N/A.

File 2021 – CPA

This file was opened as a result of a referral from the Records Coordinator that the registrant may have been practicing without a permit for approximately six weeks. The registrant works in industry and claims that the registrant did no public accounting work during that timeframe. Since we have no evidence to the contrary, the Enforcement Committee recommends that the file be closed.

OAB Records Summary

CPE Status: Registrant is in compliance. Registrant reported 40 hours for 2010 (includes 2 hours ethics); 42 hours for 2011 (includes 4 hours ethics); and 40 hours for 2012 (includes 0 hours ethics).

Peer Review Status: N/A.

Motion by Gray to close the following Files: 1950, 1953, 1980, 1990, 2020 and 2021. Second by Ley.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

Agenda Item #6 – Discussion and possible action on report from the Audit and Budget Committee:

- **Proposed professional service contracts for fiscal year 2014**

Motion by Engelbach to approve FY 14 contracts for Attorneys. Second by Sanner.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

Motion by Engelbach to approve FY 14 contracts for Consultants. Second by Sanner.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

Motion by Engelbach to approve FY 14 contracts for the Peer Review Oversight Committee. Second by Sanner.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

Agenda Item #7 – Proposed requirement for all OAB investigators to review the National Association of State Boards of Accountancy Investigator Training Series when initially contracted: Executive Director Ross addressed this issue and informed the Board that the NASBA Enforcement Resource Committee, on which he serves, has

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developed a new investigator training tool. The NASBA Investigator Training Series gives the user a thorough look at the manner in which investigations and reports should be conducted. Executive Director Ross expressed to the Board that he would like for the OAB investigators to complete the one time training to assist in consistent investigator reports.

Vice Chair Gray inquired as to whether the OAB would compensate the investigators for time spent completing the training. After minor discussion the Board came to a consensus that the investigators would be compensated for completing the training

The Board agreed that the NASBA Investigator Training Series should be added to the professional investigator contracts for FY 2014.

Motion by Ley that the Board require the OAB investigators to complete the NASBA Investigator Training Series and that the contracts be revised to include a one-time \$200.00 compensation for said training. Second by Sanner.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

Agenda Item #8 – Discussion and possible action on the report from Enforcement Committee:

- **Proposed professional investigator contracts for fiscal year 2014**

Motion by Gray to approve the FY 14 contracts for Professional Investigators with the requirement that the NASBA's Investigator Training Series and compensation be included. Second by Sanner.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

Agenda Item #9 – Discussion on summary report of the 54th Oklahoma Legislative session: Executive Director Ross updated the Board regarding the current legislative session and legislation that could have an effect on the OAB.

Agenda Item #10 – Discussion and possible action on report from Peer Review Committee:

- **Appointment of Jayna Vaughn, CPA, to the Peer Review Oversight Committee**

Motion by Ley to appoint Jayna Vaughn to the Peer Review Oversight Committee. Second by Cunningham.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

- **Consideration of directive for PROC to refer successive fail, adverse, or pass with deficiency peer reviews to enforcement for review**

A lengthy discussion took place among the Board concerning Peer Reviews and, if necessary, at what point one should be referred to the Enforcement Committee. The primary concern is whether or not everything is being done to protect the public. . The Board determined that additional information needs to be gathered before a directive for PROC can be given..

Motion by Ley that, prior to the information gathering, the PROC has the authority to take the actions given in Section 10:15-33-5 of the Oklahoma Administrative Code regarding the Peer Review in question, with additional guidance from the Board at a later date. Second by Engelbach.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

- **Consideration of reimbursement of expenses for PROC members attending the NASBA sponsored PROC Summit Session July 10, 2013**

Motion by Ley that PROC members who attend the NASBA session and are not otherwise reimbursed, be done so by the Board. Second by Cunningham.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

Chair Petete called for a break at approximately 10:00 a.m. and reconvened the meeting at 10:13 a.m.

Agenda Item #11 – Discuss and act on election of officers pursuant to Section 15.4.A of the Oklahoma Accountancy Act: Chair Petete addressed this item and entertained motions related to the election of the Board Chair for the 2013-2014 fiscal year.

Motion by Ley that Vicky Petete be elected Chair of the OAB for FY 2014. Second by Cunningham.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

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

Motion by Engelbach that Mike Sanner be elected Vice Chair of the OAB for FY 2014. Second by Ley.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

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

Motion by Sanner that Barbara Ley be elected Secretary of the OAB for FY 2014. Second by Cunningham.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

Agenda Item #12 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) Administrative Programs Officer
- h) Enforcement Coordinator
- i) Accountant II
- j) Administrative Assistant II
- k) Administrative Assistant I

Motion by Gray to enter into Executive Session. Second by Cunningham.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

The Board went into Executive Session at approximately 10:50 a.m.

At approximately 11:50 a.m. Chair Petete entertained a motion to come out of Executive Session and reconvene the Board meeting.

Motion by Ley to come out of Executive Session. Second by Engelbach. Affirmative Votes: Ley, Sanner, Petete, Engelbach, Manning, Cunningham and Gray.

There was no formal action taken during the Executive Session.

Motion by Sanner that the Executive Director proceed under the guidelines discussed in Executive Session. Second by Gray.

Affirmative Votes: Engelbach, Sanner, Cunningham, Gray, Ley, Petete and Manning.

Agenda Item #13 – New Business: No new business.

Agenda Item #14 – Executive Director’s Report: Executive Director Ross reported the following:

Updates

- David Greenwell was confirmed by the Oklahoma State Senate.
- Mr. Greenwell has been approved by NASBA to attend the Western Regional meeting on a scholarship; costs will be reimbursed by NASBA.
- OMES has provided the OAB with a draft of the FY 14 Service Level Agreement.
- The OAB online firm registration process has been amended slightly to make the attester section clearer to users.
- OAB website averages 22 visitors per day or 685 visitors per month; 69.5% hits to OAB website are generated from OK.Gov while 17.39% are generated from the Becker.com website.
- Most hits to the website occur during the very beginning of the month and then spike again at the end of the month.
- Use of online registration continues to improve and is currently at 92%.
- Staff is required to manually intervene in only 8% of online registrations.
- Staff to continue discussions on improving and verifying OAB website FAQs. Results to be provided to future OAB FAQ task force.
- Recognition to Matthew Sinclair for five years of service to the OAB.

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

- BEP One; May 2013 rent - \$4,392.00
- Attorney General; Legal services for May 2013 - \$2,840.97

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

N/A

Agenda Item #15 – Chair’s Announcements:

Agenda Item #15b – Announce date and time of the next meeting: It was noted that the next meeting is scheduled to be held on Friday, June 21, 2013, at the OAB Board Room, 201 N.W. 63rd Street, Suite 210, Oklahoma City, OK 73116.

Agenda Item #16 – Adjourn: There being no further business to come before the Board, Chair Petete entertained a motion to adjourn.

Motion by Ley that the meeting be adjourned. Second by Gray.

Affirmative Votes: Gray, Ley, Petete, Sanner, Cunningham, Manning and Engelbach.

The meeting was adjourned at approximately 11:58 a.m.

Vicky Petete, Chair Date

ATTEST:

Jay Engelbach, Secretary Date

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

Jason Eric Addison
 Erin Ann Donlon
 Abbie Elizabeth Field
 Bobbi Jean Shaw
 Courtney Dawn Smithson
 Bethany Carol Toombs

APPLICATIONS FOR RECIPROCAL CPA CERTIFICATES:

Brian Carl Cardell (Georgia)
 Gary Blake Jones (Colorado)
 Angela E. Larson (Arizona)
 Kari Lynn Ogle (Tennessee)

APPLICATIONS FOR REINSTATEMENT OF CPA CERTIFICATES:

William Lessly 6642

INITIAL FIRM REGISTRATIONS OF PROFESSIONAL CORPORATIONS:

Edinburgh Consulting PC

INITIAL FIRM REGISTRATIONS OF PROFESSIONAL LIMITED LIABILITY COMPANIES:

Jacob E. Pasby CPA, PLLC
 Robin K. Jolly & Associates, PLLC

CERTIFICATES SURRENDERED BY REGISTRANTS:**CPAs:****Retired:**

John Longmire	4879	Issued July 27, 1979
Carole Nyenhuis	10415	Issued July 27, 1989
Kenneth Prather	2869	Issued January 26, 1973

No Longer Practicing in Oklahoma:

Robert L. Fox	4365	Issued January 23, 1978
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INACTIVE FIRMS:

CPA Partnerships:

Sturges & Sturges, CPAs

CPA Corporations:

Larry L. Willsey, CPA, P.C.

CPA Limited Liability Companies:

Smith, Jackson, Boyer & Bovard, P.L.L.C.

Out-Of-State Sole Proprietorships:

Barry N. Finkelstein, CPA (Texas)

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

Meagan A. Barkley
Jessica N. Dvorak
Roger E. Eleftherakis
Christine L. Osborne
Lauren Pratt
Brian M. Wandel
Paige Tomlin