

ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

Jeremy Watson CPA, President
Robert Redfern CPA, Secretary
Michael M. Watts CPA, JD Treasurer
Sherry Chesser CPA



David Vaden CPA
Lloyd Franklin CFE
Jim Gately EdM

Jimmy Corley, CPA
Executive Director

BOARD MEETING MINUTES
September 30, 2016

A regular meeting of the Arkansas State Board of Public Accountancy was held in Suite 450 of the Main Street Mall building on September 30, 2016 with Jeremy Watson, President, presiding. Other members of the Board in attendance were: Robert Redfern, Michael Watts, Lloyd Franklin*, Sherry Chesser, Jim Gately, and David Vaden. Members of the staff in attendance were: Jimmy Corley, Executive Director; Dale Edge, Investigator; Tim Montgomery, Investigator; Mark Ohrenberger, Legal Counsel; Alan Fortney, April Murphy, and Hanna Windley. Also in attendance was Brian Thompson of the ASA; Sharon Hill, CCR**; and Greg Kirkpatrick, Hearing Officer**.

CALL TO ORDER

Mr. Watson officially called the meeting to order at 9:02 am. A quorum was found to be present.

PUBLIC HEARINGS

The Board moved immediately to Public Hearings concerning the following cases:

H16-003 Kevin Jumper – This matter related to a hearing originally held at the Board’s June 3, 2016 meeting. The Board granted the motion and entered a final order affirming the Board’s earlier hearing findings as modified according to the information provided to supplement the record. Under the modified findings, the Board heard the Executive Director and staff’s “Motion to Supplement the Record and to Amend the Proposed Findings of Fact and Conclusions of Law.” Respondent did not appear at hearing. Board found that Respondent failed to complete 40 hours of acceptable Continuing Education in 2014 for 2015 licensure, Respondent failed to respond to two (2) separate certified mailings from the Board, and failed to renew CPA certificate for 2016. Respondent’s CPA certificate was revoked by Board order. Board member David Vaden recused from participation in this hearing because he did not participate in the June 2016 hearing on this matter.

H16-056 License Applicant– Applicant appeared at hearing. Board found that the disqualifying provision of Ark. Code Ann. § 17-12-303(e) shall be waived as to Applicant and shall not prevent her from licensing as a CPA in the State of Arkansas.

H16-059 Pamela Johnson– Respondent did not appear at hearing. Board found that Respondent failed to respond to a certified mailing from the Board and to renew CPA certificate for 2016. Respondent failed to acknowledge she had performed tax preparation services on her reinstatement application. Respondent failed to acknowledge she performed attest services on her 2005 through 2012 renewals. Respondent failed to acknowledge she had issued reviews on her 2006, 2009 and 2012 Quality Review Surveys. Respondent's CPA certificate was revoked by Board order. Executive Director Jimmy Corley recused from having any involvement in the investigation or hearing of this matter.

H16-060 Ronald McMaster– Respondent appeared at hearing. Board found that Respondent failed to respond to a certified mailing from the Board and to renew CPA certificate for 2016. Respondent's certificate as a Certified Public Accountant is hereby Suspended until such time as he completes the remaining thirty-six (36) hours of CPE for 2015 and forty (40) hours for 2016, and submits such evidence to the Board, along with paying any reinstatement fees, and late fees. Respondent shall submit documentary proof of completing his 2017 CPE to the Board in order to renew his license for calendar year 2018.

In addition, Respondent shall pay a civil penalty of five thousand (\$5,000.00) dollars and administrative hearing cost of three hundred twenty-five dollars and fifty-five cents (\$325.55) , for a total sum of five thousand three hundred twenty-five dollars and fifty-five cents (\$5,325.55), said penalty is payable to the Board upon re-licensure of CPA certificate. However, if Respondent completes all CPE needed for 2015 and 2016 and submits proof of such CPE completion on or before December 31, 2016, the five thousand (\$5,000.00) dollar penalty will be reduced to two thousand (\$2,000.00) dollars.

**Greg Kirkpatrick and Sharon Hill left at the close of the hearings.

APPROVAL OF MINUTES

A motion was made and seconded to approve the minutes, as presented, of the August 19, 2016 Board meeting, August 20, 2016 Strategic Planning meeting, August 24, 2016 Board meeting, and September 14, 2016 Board meeting. The motion passed unanimously.

TREASURER'S REPORT

The motion was made and seconded to approve August 2016 Treasurer's Report, as presented. The motion passed unanimously.

COMMITTEE REPORTS

AUDIT

Jimmy Corley updated the Board about the continuation of the Audit.

COMPLIANCE

The Compliance Committee has met one time.

Nine new complaints:

Applicant with criminal charges.
Question regarding Retired Status Application.
Question regarding licensure of out of state licensee living in AR.
CPA with unlicensed firm.
Retired status CPA working for unregistered firm.
Firm holding records.
CPA with QR issues.
Two CPA firms with QR issues.

Requesting closure of 15 complaints; Four by Consent Order

- 1) **C13-123 – (Non-Licensee)** – Non-licensee holding out as an Accounting firm. Website shows a yellow hardhat and says under construction, has been this way for over a year. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 2) **C15-105 – (New Applicant)** – Out of state sole proprietor corporation with Company in name requesting to register firm. AR registered firm name is in compliance with Board Rules. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 3) **C16-030 – (Non-Licensee)** – Unlicensed firm. Non-Licensee is not holding company out to the public and has removed CPA from company name. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 4) **C16-036 – (Cert. # 2335)** – Licensee failed to renew license and became lapsed April 1, 2016. Licensee has requested reinstatement and paid \$150.00 application fee and completed CPE in August. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via a compliance statement. Compliance Statement requiring timely renewal for next three (3) years has been signed and \$710.00 in renewal fee, late fee and penalty collected.
- 5) **C16-070 – (Cert. # 8067)** – Licensee failed to renew license and became lapsed April 1, 2016. Licensee has requested reinstatement and paid \$150.00 application fee. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via a compliance statement. Compliance Statement requiring timely renewal for next three (3) years has been signed and \$105.00 renewal fee and late fee collected.

- 6) **C16-092 – (Cert. # 3109)** – Licensee failed to timely resolve 2015 CPE audit. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$500.00 penalty collected.
- 7) **C16-099– (Non-Licensee)** –Void licensee listed as CPA on employer’s website. Website has been corrected, CPA removed. Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 8) **C16-102 – (Non-Licensee)** – Non-Licensee (Is licensed by another state) living in Arkansas using CPA title on non-public accounting website. Non-Licensee has modified website as requested by the Board. Compliance Committee recommends a finding of no probable cause to proceed and recommends closure with no further action.
- 9) **C16-103– (Non-Licensee)** –Surrendered licensee was listed as a CPA in news release. Non-licensee is taking corrective action. Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 10) **C16-109 - (Cert. #1419)** – Licensee requested retired status but is serving on Board of a Public Corporation. Licensee has now gone inactive. Compliance Committee recommends a finding of no probable cause to proceed and recommends closure with no further action.
- 11) **C16-112 – (Non-Licensee)** - Non-Licensee (Is licensed by another state) living in Arkansas and telecommuting to an out of state public accounting firm office. Non-Licensee was told they needed to license as an AR license. Compliance Committee recommends a finding of no probable cause to proceed and recommends closure with no further action.

A motion was made and seconded to accept the Compliance Committee’s recommended findings and proposed resolutions as to items 1 through 11, listed above. David Vaden recused himself from the vote, because of conflict of interest. The motion passed unanimously.

CONSENT ORDERS

- 1) **C13-087 - Consent Order (Firm Regist. #18LC)** – Respondent was engaged to audit an employee benefit plan. The completed audit was randomly reviewed by the United States Department of Labor and referred to the Board. The Compliance Committee recommends closure via the proposed consent order. Respondent has agreed to the consent order. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee’s recommended finding and proposed resolution and to close C13-087. The motion passed unanimously.

- 2) **C14-004 - Consent Order (Cert #1347)** – Respondent’s failure to complete and file a client’s tax returns for 2008-2010 were determined to be a violation of

A.C.A. § 17-12-601 (a)(2). Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via of the proposed consent order. Respondent has signed consent order and agreed to pay a \$2,000.00 penalty. Requesting closure contingent on receipt of penalty.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C14-004. The motion passed unanimously.

- 3) **C16-024 - Consent Order (Cert # 4421)** – Respondent has had an unlicensed firm since 2004. Respondent has submitted a firm application to Board. In addition, Respondent failed to report issuance of an audit on his 2010 Quality Review response. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order. Respondent has agreed to the consent order and paid the \$2,320.00 penalty. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C16-024. The motion passed unanimously.

- 4) **C16-048 - Consent Order (Cert #5134)** – Lapsed Licensee failed to renew for 2016, was notified by certified letter to reinstate or surrender license. Licensee did not respond to Board letter. Notice of Hearing was issued. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order. Licensee has signed consent order and paid current year inactive fee (2016), late fees and a \$500.00 penalty for a total of \$615.00. Licensee has also agreed to renew timely for the next three (3) years. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C16-048. The motion passed unanimously.

CPE COMMITTEE

Jimmy Corley gave an update about the 2015 CPE Audit. There are several audits still open that have been referred to the Compliance Committee and are in process.

The 2016 CPE Audit is underway and is ahead of schedule.

Corley stated that the CPE Task Force met about changing the CPE Audit penalty process. The Task Force will present its recommendation to the Board at a later time.

QUALITY REVIEW

Jimmy Corley and Dale Edge reported the results of the 2016 Quality Review.

OLD BUSINESS

2017 Board Meeting Dates

January 13, 2017
April 21, 2017
June 2, 2017
August 18, 2017
September 29, 2017
November 17, 2017

The Board discussed the date to the Swearing-In Ceremony, June 3, 2017, which is to be held at the Capitol building.

NEW BUSINESS

None

OTHER BUSINESS

Board Guidance –Monticello Firm

Mark Ohrenberger presented the staff's findings about the Monticello firm, Frost Accounting Services. This firm has been contacted multiple times, with requests that Ms. Angie Frost, the owner, change the wording on the firm's website, so that the firm will be in compliance with the Board as a nonregistered firm.

A motion was made and seconded to have Mr. Ohrenberger contact the Georgia State Board of Accountancy, the Drew County prosecuting attorney, and the Arkansas Attorney General Consumer Protection Division about the situation. The motion passed unanimously.

NASBA Annual Meeting

Jeremy Watson, Robert Redfern, and Sherry Chesser are registered to go the NASBA Annual Meeting October 30 – November 2, 2016. Michael Watts, Jim Gately, and Lloyd Franklin are not planning to attend the Annual NASBA Meeting.

2016 – 2017 Committee Assignments

Mr. Watson made the following committee assignments:

CPE Committee	Michael Watts Jimmy Corley
Compliance Committee	Robert Redfern Jimmy Corley

Rules Committee	Michael Watts Sherry Chesser
Legislative Committee	Michael Watts David Vaden
Qualifications Committee	Sherry Chesser David Vaden
Quality Review Committee	Jeremy Watson James Gately
Personnel Committee	Robert Redfern Lloyd Franklin
Audit Committee	Sherry Chesser James Gately
Peer Review Law	Sherry Chesser Jeremy Watson Jimmy Corley

Arkansas State University – CPA Exam Prep Course

The Board spoke about a CPA Exam prep course taught at ASU and whether it would count towards the 30 hours needed to take the CPA exam.

The Board requested that NASBA be contacted, so that a survey of universities across the nation could be taken concerning this matter.

CPE Task Force

Jimmy Corley, Michael Watts, and Tim Montgomery presented to the Board the recommendations of the task force.

A motion was made and seconded to enforce CPAs to make up CPE by the end of the calendar year following the CPE audit and to pay the necessary penalties. The motion passed unanimously.

Congratulations – Mike Watts

Congratulations to Michael Watts for being named to the AICPA’s CPA Exam Regulation (REG) Sub-Committee and for being the first Arkansas CPA to be on the AICPA’s CPA Exam Board of Examiners.

ASA Letter Requesting Legislation

Brian Thompson presented to the Board a letter from the Arkansas Society of Accountants concerning questions about the wording of the Peer Review legislation and Peer Review Standards.

LICENSURE ACTIVITY REPORT

Jimmy Corley presented to the Board the Licensing Activity Report.

ADJOURNMENT

A motion was made and seconded to adjourn. The motion passed. The meeting adjourned at 2:27 pm.

*Lloyd Franklin left at 1:30 pm.