

**MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY**  
**MINUTES**  
**May 24, 2006**

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi, on May 24, 2006. The following record of that meeting was maintained.

Board Members Present

Jean T. Shepherd, Chair  
Jim E. Burkes, Vice Chair  
Willie B. Sims, Jr., Secretary  
David E. Clarke  
Diane S. Day  
Rick Elam  
Angela L. Pannell

Board Staff Present

Susan M. Harris, Executive Director  
Ransom C. Jones, Investigator

Legal Counsel Present

Onetta Whitley, Deputy Attorney General

Others Present

Jimmy Boyd, MAPA  
Gary Walker, MSCPA

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**I. General**

1. The Board opened the meeting with the invocation by Board Secretary Willie Sims.
2. The Board members present unanimously approved the minutes from the April 28, 2006, meeting.
3. The Board members signed the CPA certificates of licensure from the April 28, 2006, meeting.

## I. General (Continued)

4. The Board members set the start time for the next meeting and reviewed the tentative meeting dates and activities for the remainder of 2006.
 

May 31-June 2		NASBA Western Regional San Francisco
June 21-23		NASBA Eastern Regional Puerto Rico
June 22-25		MSCPA Annual Meeting Destin
July 28	8:30 a.m.	Meeting
August 25		Meeting
September 29		Meeting
October 29 - Nov 1		NASBA Annual Meeting Atlanta
November 17		Meeting
November 18		CPA Presentation Ceremony
December 15		Meeting
  
5. The Board members discussed the roll-call reports for the NASBA regional meetings and the report to be presented at the Mississippi Society of CPAs annual business meeting.
  
6. The Board reviewed the announcement from NASBA concerning the July 14, 2006, Center for Public Trust Meeting - *The Price of Conflict: The Power of Collaboration*, but determined to not take action to send a representative.
  
7. The Board noted information from the Council on Licensure, Enforcement and Regulation (CLEAR) concerning its 2006 Annual Conference, but took no action.

## II. National Regulatory Concerns

1. The Board members reviewed and discussed the May 9, 2006, NASBA memorandum from David Costello, forwarding Quarterly Communications including:
  - Minutes of the NASBA Board Meeting January 20, 2006
  - NASBA Regional Directors' Report (Focus Responses)
  - NASBA Board Resolution concerning PCS
  
2. The Board members reviewed and discussed the April 2006 NASBA *State Board Report*.

## II. National Regulatory Concerns (Continued)

3. The Board reviewed and unanimously approved Board member Rick Elam's draft response to the March 21, 2006, letter from Billy M. Atkinson, Chair NASBA Education Committee, concerning the Task Force - Framework for Revision Rules 5-1 and 5-2. The response letter will be sent under the signature of Board Chair Jean T. Shepherd addressing the Board's concerns and requesting a new exposure draft before release to the Uniform Accountancy Act Committee.
4. The Board members noted information from NASBA concerning assignment of a voting delegate for the Eastern Regional Meeting. Board member Diane Day will represent the Board as the voting delegate.
5. The Board acknowledged the letter from the Alabama Board endorsing John Carden for the Southeastern Region representative on the Nominating Committee. The Board voted unanimously to support John Carden for this position as to be voted by Diane Day at the Eastern Regional Meeting.
6. The Board members noted its response to the Strategic Initiatives Committee Quick Poll as completed at the April meeting.
7. The Board members reviewed and discussed the May 5, 2006, AICPA News Release entitled *AICPA Forms Special Committee to Find Solutions to Obstacles Blocking Interstate Practice by CPAs*.
8. The Board discussed the May 17, 2006, AICPA memorandum entitled *Proposed Changes to the Peer Review Reporting Process*. Feedback is requested by June 15. The Board unanimously approved Jim Burkes to draft a response on behalf of the Board and submit after receiving any comments from the members.
9. The Board members reviewed and discussed information concerning the Public Company Accounting Oversight Board (PCAOB) including:
  - May 1, 2006, Board Issues Statement Regarding 2006 Inspections
  - May 1, 2006, Release entitled *Statement Regarding the PCAOB's Approach to Inspections of Internal Control Audits in the 2006 Inspection Cycle*
  - PCAOB member, C. Niemeier paper entitled *Confronting the Challenges of Change in the World of Financial Reporting*
  - GAO Report entitled *Sarbanes-Oxley Act Considerations of Key Principles Meeting Needed in Addressing Implementation for Smaller Public Companies*
  - May 17, 2006, PCAOB Announces Four-Point Plan to Improve Implementation of Internal Control Reporting Requirements
  - May 23, 2006, PCAOB to Consider Rules for Periodic Reporting by Registered Accounting Firms: Open Meeting

### III. Administration

1. The Board reviewed and discussed the SAAS Summary Trial Balances as of April 30, 2006, for Treasury Funds 3845 and 3850, and the Treasury Fund 3845 SAAS Appropriation/Actual Expenditures for the ten months ended April 30, 2006.
2. The Board reviewed and discussed Senate Bill 3053 for 2007 spending authority as signed by the Governor.
3. The Board heard a report from Executive Director Susan Harris concerning planned capital outlay purchases for 2006. After reviewing the proposed purchase of a new Board conference table and chairs, the Board approved the selection.
4. The Board unanimously approved additional per diem days for members Rick Elam's and Willie Sims, Jr.'s attendance and participation at the NASBA CPE Committee meeting, May 22 -23, 2006.
5. Upon motion by Willie Sims with second from Angela Pannell, the Board members present voted to close the meeting for the limited purpose of considering whether or not they had a proper subject matter to go into Executive Session.

In the closed meeting the Board upon motion by Willie Sims with second from Angela Pannell voted that they did indeed have a proper subject matter before it to entitle it to go into Executive Session, namely discussion of staff salary realignments effective July 1, 2006.

Accordingly, the Board members present reopened the closed meeting and upon motion by Willie Sims with second from Angela Pannell unanimously voted to go into Executive Session for the purpose set forth above. Having announced this stated purpose the Board then entered into Executive Session for this specific purpose.

Within the Executive Session, the Board reviewed, acknowledged and discussed the staff salary realignments as approved by the State Personnel Board and authorized by the Legislature in the Fiscal Year 2007 Appropriation Bill as approved the Governor. The Executive Session was expanded to include discussion of personnel matters beyond the salary realignments. Within this extended Executive Session no motion was taken.

Upon the conclusion of this business the Board voted to come out of Executive Session. The Board came out of Executive Session and resumed the open meeting.

#### IV. CPA Examination, Licensing and Firms

1. The Board members present unanimously accepted the listing of candidate applications for the computerized examination (9 initial, 17 reexam) received since the April meeting.
2. The Board members present unanimously acted upon the applications for CPA licenses, reciprocals, reinstatements, and CPA firm permits as presented herein:

##### Applications for Original CPA License

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11480	Christie R. Mauffray	5794	5/24/06	Yes
11482	Michael T. Skinner	5795	5/24/06	Yes
11496	Douglas A. Whittington	5796	5/24/06	Yes

##### Applications for Reciprocal CPA License

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11415	Lisa M. Adcock	R3191	5/24/06	Yes
11834	Robert A. Davidson	R3192	5/24/06	Yes
11817	Gerald N. Keating	R3193	5/24/06	Yes
11821	Roger P. Kirk	R3194	5/24/06	Yes
11831	James Earl Ratchford	R3195	5/24/06	Yes
11816	Stephanie B. Roberts	R3196	5/24/06	Yes
11819	Chad E. Saltzman	R3197	5/24/06	Yes
11763	James L. White	R3198	5/24/06	Yes

##### Applications for Reinstatement of CPA Licenses

File			
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Approved</u>
2079	James Erik Hearon	1367	Yes

## IV. CPA Examination, Licensing and Firms

## 2. Applications (Continued)

Applications for CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
Bernard & Franks, a Corporation of CPAs Metairie, LA	F1076	Yes
Robert Britt, CPA Clarksdale, MS	F1077	Yes
Davidson, Golden & Lundy, PC Brentwood, TN	F1078	Yes
KPMG LLP Atlanta, GA	F1079	Yes
Roger P. Kirk, CPA Memphis, TN	F1080	Yes
Ruland & Ruland, CPAs LLC Mobile, AL	F1081	Yes

## 3. The Board reviewed a listing of submitted amendments to registered CPA firms, as follows:

<u>Name</u>	<u>Number</u>	<u>Description</u>
Henderson Associates, LLC Birmingham, AL	F0122	Name change from Henderson & Cummings
J M Melvin, CPA Tupelo, MS	F0154	Name change from Julie M. Melvin, CPA
Swider CPA Oxford, MS	F1005	Name change from Rhonda C. Swider CPA and office move from Abbeville, MS

## 4. The Board members noted that CPE reporting forms were mailed to all CPAs on May 16 with a return deadline of August 1, 2006.

## 5. The Board members reviewed and discussed information concerning the CPA examination including:

- May 9, 2006, AICPA letter from Craig Mills, Examinations concerning a lost hard drive and that no examination data is lost. The AICPA is offering one year free credit monitoring to affected CPAs.

#### IV. CPA Examination, Licensing and Firms (Continued)

##### 6. CPA examination information (Continued)

- April 26, 2006, AICPA letter from William Holder, BOE, concerning a special purpose meeting to address stakeholder concerns regarding simulations, development and scoring.
- April 23, 2006, NASBA email concerning candidate scheduling
- April 21, 2006, NASBA email forwarding a 2006Q2 CBT Update
- May 23, 2006, letter from William Holder, BOE, concerning recent discussions and actions of the Board of Examiners

#### V. Continuing Professional Education

1. The Board unanimously authorized the following actions on CPE sponsor programs submitted for approval.

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
A.	Allstate Financial				
	1. Business Succession Planning	6/14 &	Tax	1	Yes
	2. Business Uses of Life Insurance	15/06	Tax	1	Yes
	3. Estate Planning and Life Insurance		Tax	1	Yes
	4. Annuity Taxation - Tricks and Traps		Tax	1	Yes
B.	American Institute on Federal Taxation				
	1. Thirtieth Annual American Institute on Federal Taxation	6/7-9/06	Tax	19	Yes
C.	AmSouth Investment Services				
	1. Business Succession Planning	6/15/06	Tax	1	Yes
	2. Business Uses of Life Insurance		Tax	1	Yes
	3. Estate Planning and Life Insurance		Tax	1	Yes
	4. Annuity Taxation - Tricks and Traps		Tax	1	Yes
	5. Ethics, MS Public Accountancy Statutes, Rules and Regulations (Dr. Steve Wells)		Ethics - General	1	Yes
			Ethics-Rules	2	Yes
	6. Risk Management		Other	1	Yes

## V. Continuing Professional Education (Continued)

## 1. CPE Sponsor Applications (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
D.	Association of Government Accountants	4/19/06	Other	1	Yes
	1. Do You Believe in Magic? How do You Implement an ERP System for MS Government?	2/15/06	Other	1	Yes
	2. Public Employees Retirement System Update				
E.	Beta Alpha Psi and USM				
	1. Accounting and Auditing Update	6/27/06	A&A	8	Yes
	2. Ethics Forum (Dr. Stan Clark)	5/23/06	Ethics - General Ethics-Rules	3 1	Yes
F.	CCH Incorporated				
	1. Health Care Reimbursement & Compliance Research Via the CCH Internet Research	Online Research	Other	1	Yes
G.	Institute of Internal Auditors - Central MS Chapter				
	1. The Art of Profiling	6/6-7/06	Other	15	Yes
H.	Medical Educational Services (MEDS - PDN)				
	1. Medicaid & Medicaid Planning in Mississippi - New Rules for Older Clients	8/25/06	Other	6	Yes
I.	Mississippi Development Authority				
	1. Gulf Opportunity Zone Tax Seminar	5/10 & 11/06	Tax	3	Yes
J.	MS Society of CPAs				
	1. A&A Conference	5/19/06	A&A	8	Yes

## V. Continuing Professional Education (Continued)

## 1. CPE Sponsor Applications (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
K.	MS Society of CPAs - Central Chapter				
	1. Employee Benefit Update	9/15/05	Other	1	Yes
	2. Ethics, Professional Conduct, Laws & Regulations (Susan Harris)	10/20/05	Ethics - Rules	1	Yes
	3. MS Office of the State Auditor Update	11/17/05	Other	1	Yes
	4. Community Foundation/Planned Giving	02/16/06	Other	1	Yes
	5. Gulf Opportunity Zone Act of 2005	04/20/06 01/19/06	Tax	1	Yes
	6. SBA 504 Financing		Other	1	Yes
L.	Mississippi State Tax Commission				
	1. 2006 Legislative Update	4/18 & 28/06	Tax	2	Yes
	2. 2006 Sales and Use Tax Rules	5/1,2,4,5,8, 9,11,12/06 9/1 & 14/06 10/3 & 12/06	Tax	8	Yes
M.	Office of the State Auditor				
	1. Obtaining and Evaluating Audit Evidence	4/26/06	A&A	8	Yes
	2. 2006 Auditing Standards Update	4/27/06	A&A	4	Yes
	3. Planning a Governmental Audit	4/27/06	A&A	3	Yes
	4. Ethics, Professional Conduct, Laws & Regulations (Susan Harris)	4/27/06	Ethics - Rules	1	Yes
	5. Chancery and Circuit Clerks Annual Financial Reports - Accounting & Legal Issues	4/28/06	A&A	2	Yes
	6. Auditing County Tax Assessor/Collectors	4/28/06	A&A	1	Yes
	7. County Audit Section Training - Fraud Audit Procedures	4/28/06	A&A	1	Yes
	8. County Audit Division Update-Justice Courts	4/28/06	A&A	2	Yes

## V. Continuing Professional Education (Continued)

### 1. CPE Sponsor Applications (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
N.	Seminars for Professional Accountants (SEMPAC)				
1.	Current Issues in Construction Contractor Taxation, Accounting & Auditing	9/29/06	A&A/ Other	8	No (1)
2.	Government Accounting/ Reporting from A-Z	11/1/06	A&A	8	No (1)
3.	Performing a Single Audit	11/2/06	A&A	8	No (1)
4.	Governmental & Non-Profit A&A Update	11/3/06	A&A	8	No (1)
O.	UBS Financial Services, Inc.				
1.	Equity Management and the Use of Prepaid Variable Forward Sales	TBD	Other	1.5	Yes

(1) Deferred for additional information and review.

### 2. The Board members present unanimously authorized the following actions on CPE requests from individuals.

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
A.	First American Bank				
1.	Bank Bond School Requested by James Adair	5/4-5/06	Other	12-14	No (2)
B.	Positive Systems, Inc.				
1.	Ethics and Professional Conduct for North Carolina CPAs Requested by Alan Arrington	Online self-study Completed 12/23/05	Ethics - General	4	No (2)
C.	US Department of Labor Employment & Training Admin.				
1.	Accrual Accounting & Financial Reporting for Discretionary Grantees Requested by Gemma Ivy	4/4-5/06	Other	12	Yes

(2) Deferred for additional information and review.

**V. Continuing Professional Education (Continued)**

## 2. CPE Individual Requests (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
D.	Communication & Information Technology Organization of MS				
	1. Sixth Annual Conference on High Technology Requested by Tonya Klauser	11/9/05	Other	8	Yes
E.	The Ammerman Experience				
	1. Crisis Management Training  Masterfoods USA	10/18/05	Other	7	No (2)
	1. Managers' Communication Workshop	2/7/06	Other	Not listed	No (2)
	2. National Labor Relations Act Requested by Virginia Thompson	9/13/05	Other		No (2)
F.	General Services Administration				
	1. Heartland Finance Center Semi-Annual Client Meeting: Time & Attendance Management; Service Excellence; E-government initiatives; General information re: appropriation Requested by Anita Winton	4/25/06	Other	5	Yes

(2) Deferred for additional information and review.

**VI. Rules and Regulations**

1. Committee Chair Jim Burkes has called a meeting of the Rules and Regulations Committee following adjournment of this May 24, 2006, Board meeting to discuss the Chapter 3 review.

**VII. Regulatory Matters**

1. The Board heard a report from Investigator Ransom Jones and approved the regulatory activities that have occurred from April 28 to May 24, 2006:

## VII. Regulatory Matters (Continued)

## 1. Investigator report (Continued)

<u>Activity</u>	<u>Number</u>
Cases Opened	9
Cases Closed	17
Cases referred to Members	0
Total Cases Open	10

## 2. Cases closed:

2003.21 - opened October 1, 2003. U.S. Department of Education Office of Inspector General complaint alleged that a licensee failed to follow professional auditing standards on compliance audits of two schools located in Alabama and California. After investigating the matter, the Investigative Committee determined no probable cause to investigate further. The subject audits were part of the licensee's peer review and as reviewed by the committee was acceptable. In addition the other jurisdictions had not taken action. Board Investigator Ransom Jones will monitor the matter and reopen the case if there is another jurisdiction disciplinary action.

2005.14-a, 2005.14-b, and 2005.14-c - opened November 17, 2005. Under an acknowledgement and agreement between the Board and the Public Company Accounting Oversight Board, the PCAOB submitted its 2003 limited inspection reports on four large CPA firms, 2004 inspection reports on two large CPA firms, and another 2004 inspection report on a large CPA firm. Due to the lack of disclosure in the reports concerning firm office locations or licensees, the Board determined to request such information from the PCAOB initially related to case 2005.14-c. The Jim Burkes investigative committee therefore sent a written request to the PCAOB requesting jurisdictional information. Correspondence from J. Gordon Seymour, PCAOB Secretary, notified the Board that pursuant to PCAOB Rule 4009(b) certain listed firms satisfactorily addressed the quality control criticisms or defects in the inspection reports within the twelve months allowed by Section 104(g)(2) of the Sarbanes-Oxley Act of 2002. Therefore, the PCAOB will not publicly disclose any previously undisclosed portions of the reports which will remain nonpublic and confidential.

**VII. Regulatory Matters (Continued)**

## 2. Cases closed: (Continued)

2006.04 - opened April 5, 2006. A nonlicensee was listed as a CPA in a newspaper article. The Investigator closed the case with no probable cause to investigate further after evidence substantiating that the newspaper reporter had made and reported the assumption that he was a CPA and the individual submitted evidence that he was not holding-out or using the CPA designation. The individual was advised in writing of the criminal consequences as established by statute.

2006.05 - opened April 5, 2006. A nonlicensee was listed as a CPA in a newspaper article. After determining that the individual is a registered licensee now with a changed name due to marriage, Investigator Ransom Jones closed the case with no probable cause to investigate further. The licensee submitted a correction along with supporting legal documentation for amendment of the Board' records. Also, the licensee was notified of an improper firm name that does not comply with the Board regulation in that it contained a specialization.

2006.06 - opened April 13, 2006. An insurance company was listed under *Accountants-Certified Public* in the BellSouth *Yellow Pages*. Investigator Ransom Jones closed the case with no probable cause to investigate further after receiving evidence that the ad placement was an error of the telephone company and determining that the add was deleted from the future issue.

2006.08 - opened April 13, 2006. An investment services company was listed under *Accountants-Certified Public* at the website *yellowpages.com*. Investigator Ransom Jones closed the case with no probable cause to investigate further after determining that BellSouth had categorized the listed due to a former owner of the franchise who is a licensed CPA. Investigator Jones verified that the listing was corrected.

2006.09 - opened April 13, 2006. A company was listed under *Accountants - Certified Public* at the website *yellowpages.com* and is not a registered CPA firm. Investigator Ransom Jones closed the case with no probable cause to investigate further after receiving evidence that the BellSouth had made but corrected the error. The listing should have been under *tax return preparation*. Investigator Jones verified that the listing was corrected.

**VII. Regulatory Matters (Continued)**

## 2. Cases closed: (Continued)

2006.11 - opened May 3, 2006. A Delaware CPA was listed as a CPA on a Mississippi CPA firm's website. Investigator Ransom Jones closed the case with no probable cause to investigate further after determining that the CPA firm's Information Technology department had corrected the error and that the individual is applying for a reciprocal license.

2006.12 - opened April 9, 2006. A nonlicensee was listed as a CPA in a newspaper article. Investigator Ransom Jones closed the case with no probable cause to investigate further after receiving written communication from the firm partner explaining the error from the publicist assuming all employees are CPAs.

2006.13 through 2006.17 - opened May 1, 2006. Under an acknowledgement and agreement between the Board and the Public Company Accounting Oversight Board, the PCAOB submitted its 2004 inspection reports on five large CPA firms. As discussed concerning cases 2005.14a - 2005.14c, the PCAOB will not publicly disclose nonpublic and confidential portions of the reports within twelve months allowed by Section 104 (g)(2) of the Sarbanes-Oxley Act of 2002. The Board will continue to treat the PCAOB inspection reports as confidential investigative matters in accordance with the acknowledgement and agreement and exempt from any public release in accordance with the Public Records Act of Mississippi.

3. The Investigator reviewed the open case log by general description and reported on the investigative activities.

**VIII. Trial Board**

1. The Board members present unanimously voted to convene as the Trial Board for the purpose of considering matters related to a prior disciplinary case.
2. The Board did convene as Trial Board for the purpose of reviewing a request from former licensee 1367, James Erik Hearon concerning his desire to reinstate his CPA license. Mr. Hearon did appear before the Board and presented his situation after failing to register the license for 2001 along with CPE deficits.
3. After hearing Mr. Hearon and reviewing the related documents, the Board upon motion by Rick Elam and Angela Pannell unanimously determined that Mr. Hearon must submit a reinstatement application today along with the appropriate

VIII. Trial Board (Continued)

3. fees and deficit CPE of 236 credit hours with a minimum 48 A&A hours. He should submit detailed information on all current education obtained for staff evaluation toward the required hours. If he satisfies these requirements, the license reinstatement would be effective. Per motion by Jim Burkes with second by Rick Elam, the Board unanimously determined that Mr. Hearon could not carry forward any hours earned to future CPE compliance periods. The satisfaction of these requirements is as recorded under the Applications for Reinstatement of CPA Licenses portion of these minutes.
  
  4. Upon conclusion of Trial Board business, the Board adjourned as Trial Board.
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APPROVED:

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Board Member

\_\_\_\_\_  
Vice Chair

\_\_\_\_\_  
Board Member

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Board Member

\_\_\_\_\_  
Board Member