

MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
JUNE 27, 2008
9:00 AM, LANDON STATE OFFICE BUILDING, ROOM 106
TOPEKA, KS

1. ADMINISTRATIVE MATTERS:

A. CALL TO ORDER:

Paul Allen, CPA, Chair, called the meeting to order. Board members in attendance were Mr. Allen; Jeffrey Leiserowitz, CPA; Pat O'Sullivan, Public Member; Ginger Powell, CPA; Kent Smoll, CPA and Rodney Van Norden, CPA. Also in attendance were Susan Somers, Executive Director; Darin Conklin, General Counsel to the Board; Derenda Mitchell, Assistant Attorney General, Disciplinary Counsel to the Board; Joyce Schartz and Janet St. Clair, Public Accountants Association; and Tony Scott, Kansas Society of CPAs.

B. 1-2 CONSENT CALENDAR:

The Board reviewed the minutes of the April 25, 2008 Board meeting; reciprocity certificates/permits to practice/practice by notification; firms; and the May 31, 2008 financials. Ms. Powell moved and Mr. Smoll seconded to approve. Upon a vote, the motion carried.

2. CPA EXAM:

A.-B. The Board reviewed the grades and statistics from the April/May 2008 testing window. Mr. Smoll moved and Mr. Van Norden seconded to approve. Upon a vote, the motion carried.

C. Ms. O'Sullivan presented a draft of a clarification of communications courses as a requirement to sit for the CPA exam. After discussion, Ms. Powell moved and Mr. Smoll seconded to approve the draft as a Board policy for dissemination to the colleges and to be placed on the webpage, with one revision, to strike the words "apprehension AND" in the first line of the second paragraph under the hearing "BACKGROUND". Upon a vote, the motion carried.

3. CPE/PERMIT TO PRACTICE/PEER REVIEW/FIRM REGISTRATIONS:

A. The Board reviewed a list of Peer Reviews that were due or "in process". Mr. Smoll moved and Mr. Van Norden seconded that in the case of firms not timely complying with Peer Review, a letter would be sent notifying them that if they did not provide the Peer Review letter of completion or "in process" letter within thirty days from the date of the letter, a Summary Order of Suspension and imposition of a fine of up to \$2,000 would be issued, with a draft

copy of the Summary Order being attached to the letter. If the firm complied within the thirty days, no disciplinary action would be taken. If the firm did not comply within the thirty days, the Summary Order of Suspension and Fine would be issued. Upon a vote, the motion carried. The Board also set the next due date for Peer Review letters of completion or additional "in process" letters to be August 8, 2008 and the date after that to be October 17, 2008. Upon a vote, the motion carried.

Ms. Somers reported to the Board that Larry Douglas had called the Board office and had informed Ms. Somers that he had no intention of completing his Peer Review that was due June 30, 2008. Mr. Douglas, as a condition for his previous Peer Review, was required to have an accelerated Peer Review by June 30, 2008, for which he previously requested a six month extension from the Board, which was denied. The Board instructed Ms. Mitchell to issue a disciplinary Petition against Mr. Douglas to appear before the Board at its July 25, 2008 meeting, for failure to comply with Peer Review should he not complete his Peer Review by June 30, 2008.

The Board instructed Ms. Somers to write a letter to Gregory Huseth requesting that he appear before the Board at the July 25, 2008 meeting to discuss his Peer Review. The Board agreed to extend his Peer Review to the July meeting date. If he fails to appear at the July meeting, there will be no further extensions to his Peer Review.

B. The Board reviewed a request from Monica Kroenke for an extension of her Peer Review due date, which was due June 30, 2008. After discussion, Mr. Smoll moved and Mr. Van Norden seconded to extend the Peer Review of Monica Kroenke to July 31, 2008, by which time she is to provide the Board with a Peer Review letter of completion, or a letter from the administering entity stating that the Peer Review is "in process", with no further extensions. Upon a vote, the motion carried.

C. The Board reviewed a list of permit holders that could not be located or that indicated would not be renewing their permits to practice. No action was required to be taken.

D. The Board reviewed the Peer Review Oversight Report prepared by Jay Cooper, the Board's Peer Review Oversight Liaison. Mr. Smoll moved and Mr. Leiserowitz seconded to accept the Report. Upon a vote, the motion carried.

E. The Board reviewed a proposed revision to K.A.R. 74-4-7, defining the Board's ethics requirement for permit renewal. Suggestions were made to include risk management, as it pertains to malpractice and to specifically exempt the subject matter of Circular 230 issued by the Treasury Department. Once the revisions were made, Ms. Somers was directed to disseminate the draft to the

Board members and the KSCPA. The Regulation amendment will be included with the next round of Regulation amendments to be adopted by the Board.

F. The Board reviewed a request for an extension by Andy Gilmore to obtain his CPE required for his 2008 permit renewal, due to health reasons. Mr. Van Norden moved and Ms. O'Sullivan seconded to grant an extension to July 31, 2008 for Mr. Gilmore to obtain his required CPE for permit renewal, without a CPE penalty. Upon a vote, the motion carried.

G. Ms. Somers reported that NASBA was holding a Peer Review Oversight Committee meeting and had invited all of the State's Oversight representatives to attend. Mr. Smoll moved and Mr. Leiserowitz seconded to approve the State approved travel expenses for Mr. Cooper to attend the meeting in Nashville, September 22, 2008. Upon a vote, the motion carried.

4. DISCIPLINARY MATTERS:

A. 9:30 AM SNODGRASS DUNLAP & COMPANY REQUEST FOR HEARING: Dennis Edwards appeared on behalf of Snodgrass Dunlap & Company in response to a request for hearing for a Summary Order of Suspension issued for failure to comply with Peer Review. After discussion, Ms. O'Sullivan moved and Mr. Leiserowitz seconded, for the Board to go into executive session for ten minutes to deliberate the matter. Upon a vote, the motion carried.

When the Board reconvened, Mr. Smoll moved and Mr. Leiserowitz seconded to vacate the Summary Order issued for failure to comply with Peer Review to Snodgrass Dunlap & Company. Upon a vote, the motion carried. Mr. Edwards was advised that his firm would be given an August 8, 2008 extension date by which time to submit a Peer Review letter of completion, or a letter stating that the Peer Review was "in process".

B. 10:00 AM GREGORY HUGHES REQUEST FOR REINSTATEMENT: Mr. Hughes appeared with counsel, Anthony Barry, to request reinstatement of his CPA certificate which was revoked in 2000 for failure to comply with a Consent Agreement. After discussion, Mr. Smoll moved and Mr. Leiserowitz seconded for the Board to go into executive session for ten minutes to deliberate the matter. Upon a vote, the motion carried.

When the Board reconvened, Ms. Powell moved and Mr. Leiserowitz seconded that Mr. Hughes certificate be reinstated upon his obtaining 60 hours of acceptable CPE to be completed by June 30, 2009, at which time his CPA certificate will be reinstated. In addition, he is to complete the AICPA Comprehensive Ethics exam with a score of 90% or higher, with proof back to the Board by June 30, 2009, which may not be included in the 60 hours required to obtained to reinstate his CPA certificate. In addition, he is to obtain 60 hours

of acceptable CPE between July 1, 2009 and June 30, 2010 (to be reported to the Board by July 1, 2010) and obtain 60 hours of acceptable CPE between July 1, 2010 and June 30, 2011 (to be reported to the Board by July 1, 2011). Mr. Hughes may not provide any attest services without the prior consent of the Board. Noncompliance with the Board's requirements will be considered a violation of a Board Order. Upon a vote, the motion carried.

C. 10:30 AM KELLY TAYLOR, TAYLOR ANDERSON & ASSOCIATES, CPA, PC CONSENT ORDER: Kelly Taylor appeared in person, with counsel, Shawn Stogsdill, for approval of a Consent Order entered into for practicing without a permit or firm registration, and failure to comply with Peer Review, which required her to appear before the Board, pay a fine in the amount of \$500 and submit proof of completion of the AICPA Comprehensive Ethics Exam with a score of 90% or higher. Ms. Powell moved and Mr. Van Norden seconded to approve the Consent Order. Upon a vote, the motion carried.

D. 11:00 AM REBECCA LONG DISCIPLINARY HEARING: Ms. Long did not appear at the hearing, but faxed a request for an extension shortly before her scheduled hearing. Her request for an extension was denied and the hearing proceeded with Ms. Mitchell presenting evidence as set forth in the disciplinary Petition. After hearing the evidence, Mr. Smoll moved and Mr. Leiserowitz seconded for the Board to go into executive session for fifteen minutes to deliberate the matter.

When the Board reconvened, Ms. Powell moved and Mr. Smoll seconded to revoke the CPA certificate of Rebecca Long for failure to timely file her personal income tax returns for years 2005 and 2006; for offering to perform attest or non-attest services to the public while using the CPA designation without a valid Kansas permit to practice; for violation of a Board Order; conduct reflecting adversely on a person's fitness to practice; and for failure to cooperate. Upon a vote, the motion carried.

5. OTHER:

A. The Board discussed renewing the contract with Bert Denny to provide consulting and investigative services for the Board. After review, Ms. Powell moved and Mr. Leiserowitz seconded to approve the contract with Mr. Denny for fiscal year 2009. Upon a vote, the motion carried.

B. The Board discussed renewing the contract with Alderson, Alderson, Weiler, Conklin, Burghart & Crow, LLC to provide legal services to the Board. After review, Ms. Powell moved and Mr. Van Norden seconded to extend the contract with Mr. Conklin for fiscal year 2009. Upon a vote, the motion carried.

C. Mr. Smoll and Mr. Leiserowitz gave a brief report on the NASBA Regional Meeting held in Newport Beach, California. They reported that the

main topics of discussion were the Accountancy Licensee Database, mobility, and the education requirement to sit for the exam. Mr. Smoll confirmed that Ken Bishop and Noel Allen will at the Board's meeting in August to discuss the mobility issue.

D. Tony Scott, Executive Director of the Kansas Society of CPAs, addressed the Board about legislative issues and the KSCPA's relocation of their offices.

6. ADJOURN

There being no further business to come before the Board, the meeting was adjourned.

/s/ Susan L. Somers
Susan L. Somers, Executive Director