

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
JANUARY 15, 2016
LANDON STATE OFFICE BUILDING, ROOM 509
TOPEKA, KS**

1. ADMINISTRATIVE MATTERS:

A. CALL TO ORDER:

Rodney Van Norden, CPA, Chair, called the meeting to order. Board members in attendance were Mr. Van Norden; Denise Denning, CPA, Vice-Chair; T. C. Anderson, Public Member; John R. Helms, CPA; Michael L. Marsh, CPA; Kathryn J. Mitchell, CPA; and Patricia A. O’Sullivan, public member. Also in attendance was Susan Somers, Executive Director; Randy Forbes, Disciplinary Counsel to the Board; Darin Conklin, General Counsel to the Board; Rita Barnard, Kansas Society of CPAs, and Joyce Schartz, Public Accountants Association.

B. CONSENT CALENDAR:

1. The Board reviewed the minutes of the December 4, 2015 meeting; reciprocity certificates/permits to practice; firm registration; and the December 31, 2015 financials. Mr. Helms moved and Ms. O’Sullivan seconded to approve the Consent Calendar. Upon a vote, the motion carried.

C. WELCOME

Mr. Van Norden welcomed Matt List, the incoming Chair of the Kansas Society of CPAs, as well as members of the KSCPA’s “20 up to 40” Leadership class. Mr. List had requested to address the Board to discuss issues concerning the KSCPA and the Board.

2. CPA EXAM:

A. The Board reviewed the exam scores for the October/November 2015 exam window. After review, Ms. O’Sullivan moved and Ms. Mitchell seconded to ratify the grades. Upon a vote, the motion carried.

B. & C. The Board reviewed the CPA exam statistics for 2015, along with the CPA Exam Performance Summary for 4th Quarter 2015. There was no action required to be taken.

D. The Board reviewed requests for waivers of courses required for the CPA exam as follows pursuant to K.A.R. 74-2-7(g) :

1. Apple Canaya: The Board reviewed a request from Apple Canaya for a waiver pursuant to K.A.R. 74-2-7(g) of 2 hours of communications to include a speech

course. Ms. Canaya had requested a waiver at the December 4, 2015 meeting, but her request was denied for lack of information regarding her work experience. Mr. Somers reported that Ms. Canaya had since provided that information and reiterated her request for a waiver of the specified courses. After discussion, and based upon the information provided, Ms. O'Sullivan moved and Ms. Mitchell seconded to approve Ms. Canaya's request based upon her work experience. Upon a vote, the motion carried.

2. Jenna Marceau: The Board reviewed a request from Jenna Marceau for a waiver pursuant to K.A.R. 74-2-7(g) of 3 hours of accounting. After discussion, and based upon the information provided, Ms. O'Sullivan moved and Mr. Anderson seconded to approve Ms. Marceau's request based upon her work experience. Upon a vote, the motion carried, with Mr. Helms voting against the motion.

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

A. Ms. Somers presented to the Board the list of firms with peer reviews either due or in process. No action was required to be taken.

B. The Board reviewed a list of firms that had not renewed as of December 31, 2015. Letters were issued by the Board advising the firms of their failure to register and the statutory prohibition against practicing without a firm registration. No action was required to be taken.

C. The Board reviewed the list of firms that had notified the Board that they were not renewing. No action was required to be taken.

4. HEARINGS/DISCIPLINARY MATTERS:

A. LESLIE MATHEWS CONSENT AGREEMENT AND FINAL ORDER: Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Ms. Mathews appeared in person. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from Ms. Mathew's practice of certified public accountancy without a valid permit to practice. The terms of the Consent Agreement and Final Order required Ms. Mathews to appear before the Board; pay a fine in the amount of \$500.00; payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees. After hearing testimony, Mr. Anderson moved and Mr. Marsh seconded to approve the Consent Agreement and Final Order. The Board ratified Ms. Mathew's application for renewal of her permit to practice certified public accountancy. Upon a vote, the motion carried with Ms. O'Sullivan not participating.

AT 10:00 AM, UPON MOTION OF MR. ANDERSON, SECONDED BY MR. MARSH, THE REGULAR MEETING WAS RECESSED IN ORDER TO HOLD A PUBLIC HEARING ON REGULATION AMENDMENTS. UPON A VOTE, THE MOTION CARRIED.

Mr. Van Norden convened the public hearing to consider amendments to K.A.R. 74-1-3; 74-1-4; 74-2-7; 74-4-8; 74-4-9; 74-5-2; 74-5-2a; 74-5-2b; 74-5-101; 74-5-102; 74-5-103; 74-5-104; 74-5-201; 74-5-202; 74-5-203; 74-5-301; 74-5-401; 74-5-403; 74-5-405a; 74-5-406; 74-5-407; 74-11-6; 74-11-7; and 74-15-1.

Public attendees of the meeting were Charles Gnizak, and Cole Engel, Fort Hays State University; George Durler, Emporia State University; Jay Langley, CPA; Matt List, CPA, Aron Dunn, CPA, Mary MacBain, CPA, Rita Barnard, Danielle Bulson and Michelle MacBain, Kansas Society of CPAs; Joyce Schartz, Public Accountants Association; Robert Keeshan, attorney; and various members of the KSCPA 20 up to 40 Leadership Class.

Ms. Somers reported that she had received public comments from Marc Porter, CPA, requesting that CLE credits be accepted for CPE credits; and from the Joint Rules and Regulations Committee requesting that in K.A.R. 74-5-2b the following amendment be made: "The AICPA professional standards shall apply to each certified public accountant, firm, and licensed municipal public accountant as defined in K.A.R. 74-5-2, *regardless of whether the person or entity is a member of the AICPA.*"

Aron Dunn, the KSCPA Liaison to the Board, requested that the entire AICPA Code of Professional Conduct be adopted without exception, and that when excluding certain sections that citations to specific rules be utilized instead of page numbers.

The Board heard and reviewed the comments and suggestions presented.

Mr. Van Norden then closed the public hearings.

MR. ANDERSON MOVED AND MS. DENNING SECONDED TO RECONVENE THE REGULAR BOARD MEETING. UPON A VOTE, THE MOTION CARRIED.

Based upon the comments and suggestions presented, the Board, upon motion of Ms. O'Sullivan and seconded by Ms. Mitchell, agreed to amend K.A.R.74-5-2b as requested by the Joint Rules and Regulations Committee, and instructed Ms. Somers to present the amendment to the Department of Administration and the Attorney General's office for approval before coming back to the Board for adoption. Upon a vote, the motion carried.

The Board discussed the request to allow CLE credits to qualify for CPE, whereupon Ms. Somers reported to the Board that those type of credits are allowed if the subject matter pertains to the practice of certified public accountancy, the courses are awarded credits in accordance with the regulations, and the delivery method of the courses is in accordance with the requirements of the regulations. There was no further amendment to the regulations. As to the request from the KSCPA to adopt the AICPA Code of Professional Conduct in its entirety, the Board agreed to continue to carve out certain portions of the Code such as firm names, and further, that the Board was required to exempt page numbers, rather than sections of materials adopted by reference in the AICPA Code of Professional Conduct.

Ms. Somers was instructed to take a roll call vote of the Board members for the adoption of the regulations. All Board members voted in favor of the proposed regulation amendments, with the exception of K.A.R. 74-5-2b. Ms. O'Sullivan moved and Mr. Marsh seconded to adopt the proposed regulation amendments, with K.A.R. 74-5-2b to be further revised. Upon a vote, the motion carried and the regulations were declared to be adopted.

THE BOARD THEN RECONVENED THE DISCIPLINARY HEARINGS.

B. PATRICK ROBINSON STIPULATION AND CONSENT ORDER: Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Mr. Robinson appeared in person and with counsel, Alexander Walczak. This matter was before the Board for consideration of a Stipulation and Consent Order arising from an audit of Mr. Robinson's CPE claimed in support of his most recent permit renewal and his previous renewal. The Board determined that Mr. Robinson's conduct violated the act governing the practice of certified public accountancy and was therefore subject to discipline pursuant to K.S.A. 1-311(a)(1), (a)(3), (a)(8) and (a)(14).. The terms of the Stipulation and Consent Order required Mr. Robinson to pay a fine in the amount of \$1,500.00; payment of costs, pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees; and, in accordance with Respondent's offer, voluntary surrender of his CPA certificate and permit, which shall be treated as a revocation of his CPA certificate and permit for all purposes, including reporting. After hearing testimony, Mr. Helms moved and Ms. Denning seconded for the Board to go into closed session to deliberate the matter. Upon a vote, the motion carried.

When the Board reconvened, Mr. Helms moved and Ms. Mitchell seconded to accept the Stipulation and Consent Order as presented. Upon a vote, the motion carried, with Ms. O'Sullivan not participating.

C. BION OSTRANDER CONSENT AGREEMENT AND FINAL ORDER: Ms. Denning, the investigative Board member, recused herself from this matter. Mr. Ostrander appeared in person. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from Mr. Ostrander's practice of certified public accountancy without a valid permit to practice. The terms of the Consent Agreement and Final Order required Mr. Ostrander to appear before the Board; pay a fine in the amount of \$250.00; and payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees. After hearing testimony, Mr. Anderson moved and Mr. Marsh seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried with Ms. Denning not participating.

5. LEGISLATION

At this time, Aaron Dunn, Liaison to the Kansas Society of CPAs, and Matt List, Chair of the Kansas Society of CPAs; as well as Dan Deines, Kansas State University; Charles Gnizak and Cole Engel of Fort Hays University; Jim Martin of Washburn University; and George Durler of Emporia State University joined the meeting to discuss possible legislation for the upcoming legislative session.

Mr. Dunn informed the Board that the KSCPA had introduced Legislation in the House Commerce Committee relative to K.S.A. 1-302a, the education statute, which would allow candidates to sit 60 days in advance of meeting the education requirements, and requiring the candidates to provide proof of completion of the education requirements within 90 days of sitting for the exam, or the scores would be voided. Considerable discussion was had concerning this issue with the educators that were present and the KSCPA, with K-State, Emporia State, Washburn and Wichita State opposed to the legislation; Fort Hays State having mixed feelings; and with the Board not having any consensus on the matter.

Ms. Somers then presented the proposed amendments to K.S.A. 1-307, 1-308; 1-311; 1-312; 1-321 and 1-322, which would allow for clean-up language; clarification; elimination of outdated requirements; and amendments to the definition of “attest” services. Mr. Anderson moved and Mr. Marsh seconded for Ms. Somers to proceed with presenting the proposed legislation to the Legislature. Upon a vote, the motion carried.

B. The Board discussed the designation of a Presiding Officer for Board matters that occur before the Board’s next meeting to be held April 29, 2016. Mr. Anderson moved, and Mr. Marsh seconded, to appoint John Helms as the Presiding Officer. Upon a vote, the motion carried.

C. Mr. Anderson moved and Mr. Marsh seconded for the Board to go into executive session to discuss the results of Peer Review for twenty minutes in accordance with K.S.A. 1-501. Upon a vote, the motion carried.

6. ADJOURN

When the Board reconvened from executive session, seeing that there was no further business to come before the meeting, Mr. Helms moved and Ms. O’Sullivan seconded to adjourn. Upon a vote, the motion carried.

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