

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
JUNE 23, 2006
9:00 AM, LANDON STATE OFFICE BUILDING, ROOM 106
TOPEKA, KS**

1. ADMINISTRATIVE MATTERS:

A. CALL TO ORDER:

Ginger Powell, CPA, called the meeting to order. Board members participating in the meeting were Ms. Powell; Paul Allen, CPA; Jeff Bottenberg, Public Member; Adley E. Johnson, CPA; Pat O'Sullivan, Public Member; Kent Smoll, CPA and Rodney Van Norden, CPA. Also in attendance were Susan Somers, Executive Director; Mary Feighny, Assistant Attorney General, General Counsel to the Board; Tony Scott, Kansas Society of CPAs; Roger Hoyt and Joyce Schartz, Public Accountants Association of Kansas.

B. 1-3 CONSENT CALENDAR:

The Board reviewed the minutes of the May 19, 2006 meeting; reciprocity certificates/permits to practice; practice by notification; firms; and the May 31, 2006 financials. Mr. Johnson moved and Ms. O'Sullivan seconded to approve. Upon a vote, the motion carried.

2. CPA EXAM:

A. The Board discussed technical school credits granted by colleges and whether or not the credits should be accepted towards the 150 hour education requirement. The Board, after review, determined that at the current time, these types of credits are denied.

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

A. The Board reviewed a list of Peer Reviews due and "in process". Mr. Smoll moved and Mr. Van Norden seconded that any firm or individual who did not comply with their Peer Review due date prior to the Board's next meeting would be issued a Summary Order of Suspension of firm registration and/or permit (whichever is applicable), imposing a \$250 fine (or in the case of repeat violations, double the previous fine) with the suspension being stayed for thirty days from the date of issuance of the Summary Order, provided the fine was paid and a Peer Review letter of completion or "in process" letter was provided to the Board. Upon a vote, the motion carried.

B. The Board reviewed a request from Keith Mines for an extension of his Peer Review due date which is currently June 30, 2006. Mr. Smoll moved and

Ms. O'Sullivan seconded to extend his Peer Review due date to September 30, 2006, with no further extensions being granted. Upon a vote, the motion carried.

C. The Board reviewed a request from the Kansas Society of CPAs regarding accelerated reviews and whether or not the Board would extend a firm's peer review reporting period as a result of an accelerated review. The Board agrees with the AICPA's Peer Review Standards which provide for an adjustment of the peer review reporting period year end from the accelerated peer review.

D. The Board reviewed a list of CPAs not renewing or that couldn't be located. No action was required to be taken.

E. Ms. Somers inquired as to how she should handle the answers to new questions being asked on the permit renewal form; i.e., regarding the filing of one's own tax returns and payment of taxes on behalf of others. If a person answered that they weren't current in either situation, the Board determined that the permit would be renewed, but that the matter would be handled as an investigation.

F. The Board reviewed the firm registration of O'Halloran Sherman Associates, LLC. Ms. Somers had returned the renewal application for the use of the term "Associates", as there were only two CPAs in the firm. The firm had requested reconsideration by the Board. The Board decided not to take any action regarding the name.

G. The Board reviewed an application for a certificate and permit from Jonathon Mounce who had indicated that he had pled guilty to and was convicted of stealing under \$500. On December 1, 2005, the court suspended the execution of the sentence of 365 days in jail and placed him on probation for two years. Ms. O'Sullivan moved and Mr. Van Norden seconded to deny his application for a CPA certificate and further, that he is to be cautioned that he may not practice as a CPA or use the CPA designation in Kansas. Upon a vote, the motion carried.

H. The Board reviewed a request for an extension of time to obtain CPE from Ron Ramberg, CPA, due to medical reasons. Mr. Smoll moved and Mr. Johnson seconded, that in the event Mr. Ramberg cannot complete his CPE hours by June 30, 2006, he will be allowed to renew his permit conditionally upon his completion of those hours in addition to 8 penalty hours by September 30, 2006. The 8 hour penalty cannot count towards the CPE requirement for the 2006-2008 renewal period. Upon a vote, the motion carried.

I. The Board reviewed a request from Marvin Maydew to grant CPE credits for authorship of articles written by him. After review, Mr. Smoll moved

and Mr. Allen seconded to grant Mr. Maydew 46 hours of CPE credit for the renewal period ending June 30, 2006. Upon a vote, the motion carried.

J. The Board reviewed a request from Regier Carr & Monroe, LLP to allow single member LLCs to be owners of a CPA firm. K.S.A. 1-308 provides for professional corporations to be owners of CPA firms. Based on the way the statute is currently written, the Board determined that the statute does not provide for ownership by an LLC, but that the firm owners can transfer their individual partnership interests to individually owned S-corporations, which then could be partners in the CPA firm, as was proposed in their letter to the Board.

4. DISCIPLINARY/RECONSIDERATION MATTERS:

A. 9:30 AM KENNETH LATSHAW LATE RENEWAL HEARING:

Mr. Latshaw appeared before the Board for practicing without a permit from July 1, 2005 until May 30, 2006. Mr. Latshaw was to have renewed his permit on July 1, 2005 and was advised at that time not to practice certified public accounting. However, when he filed his permit renewal application late, he indicated that he had been practicing all that time without a permit to practice. Mr. Latshaw was before the Board to determine the amount of fine to be imposed for practicing without the permit.

Mr. Smoll moved and Mr. Bottenberg 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 Ms. O'Sullivan seconded to impose a fine of \$1,000 for practicing without a permit. Further, said fine shall not be paid by credit card and shall be paid within thirty days of the date of the Certificate of Service. Upon a vote, the motion carried. Mr. Latshaw indicated that he would not be able to pay the fine in thirty days and asked if he could pay in installments. Mr. Smoll then moved and Ms. O'Sullivan seconded to revise the motion to provide that Mr. Latshaw would have until December 1, 2006 by which to pay the fine, which can be paid in installment payments, but not by credit card. Failure to pay the fine on or before that date will result in his permit being revoked. Upon a vote, the amended motion was approved.

B. 10:30 AM DONALD SCHRICK REQUEST FOR RECONSIDERATION OF WAIVER OF PEER REVIEW

Mr. Schrick appeared before the Board with his counsel, Thomas Owens. Mr. Schrick had previously requested a waiver of the requirement for a Peer Review, which is due June 30, 2006, and which the Board denied. He was appearing before the Board for reconsideration of the denial. Mr. Schrick testified that due to his wife's illness, the fact that he had only issued one

governmental audit and had no intentions of ever issuing any more attest reports in the future, and due to the fact that he thought he could issue reports up to his Peer Review expiration date without having to incur another Peer Review, he was requesting that the Board grant him a waiver from having to complete the Peer Review due June 30, 2006. K.S.A. 1-501 allows the Board to grant a waiver of Peer Review, for good cause.

Mr. Allen moved and Ms. O'Sullivan seconded to go into executive session for ten minutes to deliberate the matter.

When the Board meeting reconvened, Mr. Allen moved and Ms. O'Sullivan seconded to waive the Peer Review for Mr. Schrick, provided he enter into a Settlement Agreement and Order with the Board with the requirement that before he accepted any engagement for attest services or performed any attest services, he would have to appear before the Board and request permission to do so, at which time the Board may impose any conditions, limitations, or restrictions that the Board deemed necessary to protect the public. Upon a vote, the motion carried. Ms. Somers pointed out that as an unincorporated sole practitioner he would no longer be subject to firm registration. The Board determined that his conditional firm registration would be extended to July 31, 2006 by which time Mr. Schrick is to sign the Settlement Agreement and Order. Once he signs the Settlement Agreement and Order, he will no longer be subject to firm registration as an unincorporated sole practitioner and no longer subject to Peer Review. Failure by Mr. Schrick to comply with the terms of the Settlement Agreement and Order could result in disciplinary action against his certificate and/or permit to practice.

5. OTHER

A. The Board discussed renewing the contract with Bert Denny to provide consulting and investigative services for the Board. Mr. Denny had informed the Board that due to the merger of the two AICPA sponsored Peer Review programs, and since he currently serves on the new AICPA Peer Review Board, he would be precluded from providing investigative services on firms enrolled in the Peer Review Program. The AICPA's current policy prohibits him from serving as an investigator for the Board of Accountancy in cases which are related to a firm enrolled in the Peer Review Program. However, this issue will be addressed further in future meetings of the Peer Review Board and that there is a reasonable chance that the policy will be revised. After review, Mr. Allen moved and Mr. Johnson seconded to approve the contract with Mr. Denny for fiscal year 2007. Upon a vote, the motion carried.

B. Ms. Somers informed the Board that she was going to commence with the process of developing online permit renewals; however, she needed guidance from the Board as to what they were going to require for the online process. To submit a paper renewal, an applicant must provide certificates of

completion for all self-study hours claimed and provide proof of completion of the ethics hours. She wanted to know if it would be acceptable to the Board if a person would attest to their having obtained the required CPE hours without having to submit the paperwork. The Board agreed that online renewals would not require submission of the certificates at the time of renewal, but that an audit process be written into the program which would audit a percentage of the online renewals for compliance.

C. Mr. Allen recapped the meeting that members of the Accountancy Law Task Force held the day before with representatives of the various colleges and universities and other interested parties, regarding the education requirement for the CPA exam. He reported that it was a good meeting, with a lot of input, and that it was the feeling of the Task Force members that those in attendance would be favorable to advanced placement and credit by exam courses, but not necessarily life achievement or technical school credits, and that there should be limitations on the type of courses and number of hours allowed. The next meeting of the Task Force will be held in Wichita at a time and date to be determined.

6. ADJOURN

There being no further business to come before the Board, upon motion of Mr. Bottenberg and seconded by Ms. O'Sullivan, the meeting was adjourned

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