

BOARD OF ACCOUNTANCY MEETING MINUTES
AUGUST 20, 2004
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; Jeff Bottenberg, Public Member; Adley Johnson, CPA; Lois Loucks, Public Member; Ginger Powell, CPA; and Kent Smoll, CPA. Also in attendance was Susan Somers, Executive Director; Mary Feighny, Assistant Attorney General, General Counsel to the Board; Derenda Mitchell, Assistant Attorney General, Disciplinary Counsel to the Board; and Tim McClure, Public Accountants Association.

B. 1-4 CONSENT CALENDAR:

The Board reviewed the minutes of the July 23, 2004 meeting; reciprocity certificates/permits to practice/practice by notification; registrations of new/reorganized practice units; the 2004 Annual Report of the Board; and the August 2005 financials. Mr. Johnson moved and Mr. Smoll seconded to approve the Consent Calendar. Upon a vote, the motion carried.

2. CPA EXAM MATTERS:

Ms. Somers reported that there were no exam matters to be discussed at the meeting.

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

A. The Board reviewed a list of CPAs who had indicated that they weren't renewing their permits to practice.

B. The Board reviewed a list of CPAs whose renewals had been returned as "incomplete". Ms. Somers indicated that they had each received a Cease and Desist Order informing them that they must renew their permits on or before August 31, 2004, or be subject to appearing before the Board and possibly being subject to a fine in addition to the late fee.

C. The Board reviewed a list of CPAs who had been sent Cease & Desist Orders for failing to renew, or failing to inform the Board that they weren't renewing.

D. The Board discussed renewals received after August 31, 2004 from practitioners who indicated that they were practicing public accountancy. Mr. Smoll moved and Mr. Johnson seconded to require persons who attempted to renew after August 31, 2004, who indicated that they were practicing, to be issued a Summary Order of a fine in the amount of \$250.00 and appear before the Board. Upon a vote, the motion carried.

E. The Board reviewed a list of Peer Reviews due or "in process". Ms. Somers reported that there were eight firms who had complied with the extension date and needed new dates to submit a Peer Review "in process" letter or letter of completion. Ms. Powell moved and Mr. Johnson seconded to extend their due dates to October 22, 2004. Upon a vote, the motion carried.

Ms. Somers indicated that there were two firms whose due dates were between this Board meeting and the Board's next meeting. Ms. Powell moved and Mr. Johnson seconded that if they met their due dates, to extend their due dates to October 22, 2004; however, if they failed to meet their due dates, a Summary Order of suspension of their firm registrations is to be issued, along with a \$250.00 fine, with the suspension being stayed until October 22, 2004, if the firms provided the Board with a Peer Review letter of completion, or an "in process" letter and paid the \$250.00 fine. If the firms provided an "in process" letter, it should bear an October 2004 date. Upon a vote, the motion carried.

F. The Board reviewed a request from Raymon Barnes for a waiver of the late fee for permit renewal. Permit renewals were required to be received by the Board on or before July 30, 2004. Mr. Barnes' renewal was not received until August 2, 2004, thereby subjecting him to the late fee. Mr. Smoll moved and Mr. Bottenberg seconded to deny his request for a waiver of the late fee. Upon a vote, the motion carried.

4. DISCIPLINARY MATTERS/REQUEST FOR REINSTATEMENT:

A. 9:30 AM LARRY CHAMBLIN REQUEST FOR REINSTATEMENT:

Mr. Chamblin appeared before the Board for reinstatement of his CPA certificate. Mr. Chamblin's certificate was revoked in 1999 and he was fined \$1,000, for failure to appear at a disciplinary hearing scheduled for failing to prepare and file tax returns for a client and for violating the rules of professional conduct by failing to furnish client records when requested. The Missouri Board of Accountancy also revoked Mr. Chamblin's certificate for incompetence, misconduct, gross negligence, misrepresentation and dishonesty. Mr. Chamblin admitted that the allegations set

forth in the 1999 disciplinary hearing were true. Mr. Chamblin also admitted that he was several years behind in paying his state and federal income taxes. Mr. Smoll moved and Mr. Johnson seconded that the Board go into Executive session for 15 minutes to discuss Mr. Chamlin's request for reinstatement. Upon a vote, the motion carried. Mr. Bottenberg recused himself from deliberation in this matter.

After 15 minutes, the Board, upon a motion of Mr. Johnson and a second by Ms. Loucks, moved to resume the Board's regular session, at which time Mr. Johnson moved, and Ms. Loucks seconded to deny Mr. Chamblin's request for reinstatement. Upon a vote, the motion carried, with Mr. Bottenberg recusing himself from voting.

B. ROBERT A. KNIGHT HEARING:

Mr. Knight appeared before the Board in person and with counsel, for failing to register as a firm, and failing to comply with Peer Review. Mr. Knight applied to renew his 2004 permit to practice indicating that he was performing audit, review, compilation and tax services. Mr. Knight admitted to not renewing his firm registration, because he hadn't completed his Peer Review and was waiting until he had issued an audit report before he completed the Peer Review. In May of 2004, Mr. Knight requested a waiver of Peer Review, which was denied by the Board. Mr. Smoll moved and Ms. Loucks seconded for the Board to go into Executive Session for 15 minutes to discuss this matter. Upon a vote, the motion carried.

After 15 minutes, the Board, upon a motion of Mr. Johnson and a second by Ms. Loucks moved to resume the Board's regular session, at which time Mr. Smoll moved and Mr. Johnson seconded to deny the permit renewal of Mr. Knight until he provides the Board with a Peer Review letter of completion and pays a fine of \$1,000.00. Mr. Knight will not be subject to the late renewal fee. Upon a vote, the motion carried. Mr. Knight was cautioned that he is not to hold himself out, sign, or perform services as a CPA in Kansas until he has his renewed permit to practice and that holding a Missouri permit to practice does not allow him to practice in Kansas for Kansas clients as a CPA. He also will not be allowed to submit a Peer Review "in process" letter, it must be a letter of completion.

C. The Board held a general discussion of summary orders issued for failing to comply with firm registrations and permit renewals. Currently summary orders are issued, with the orders being stayed, if the firm or practitioner complies with the provisions of the Order by a certain date. If the firm or practitioner does not comply, then the registration or permit is suspended; however, if the registration or permit expires during that time, the firm registration or permit renewal is in a suspended mode and it could be construed that at some point that person could come back and have the firm registration or permit renewal reinstated, when in fact it had expired during the suspension period. After discussion, the Board took no action on this matter.

5. REGULATIONS:

A. The Board reviewed a Regulation that Iowa has regarding notification to clients in the event a CPA's permit or firm registration has been surrendered, suspended or revoked. After discussion, the Board determined that rather than write a Regulation to that effect, notification to clients as a result of a disciplinary action would be an option to be determined on a case by case basis.

6. OTHER:

A. The Board reviewed a request from the Kansas Department of Revenue for a listing of the Board's licensees, along with their social security numbers, and mailing addresses, to be used for statistical purposes for an interim legislative committee to determine the percentage of professional licensees who do not comply with income tax requirements in the state. Ms. Somers reported that the Federal Privacy Act provides that the Board notify it's licensees that this information may be requested and disseminated; however, most of the licensing Board's had not advised their licensees of this, including the Board of Accountancy. Although Kansas has a statute that allows the Department of Revenue and Child Support Enforcement agencies to acquire this information from the licensing Boards, notification to the licensees must be made prior to dissemination of the information. Mr. Smoll moved and Ms. Powell seconded to authorize Ms. Somers, with the help of general counsel, to send a letter to the permit holders informing them of this information. Upon a vote, the motion carried. Ms. Somers indicated that she would also take this opportunity to explain the new ethics requirement for CPE in the letter. She also indicated that all of the application forms and the Board's webpage had been changed to reflect the possible disclosure of this information.

B. The Board reviewed the NASBA focus questions and provided answers for 3 of the 5 questions, but due to time constraints, authorized Ms. Somers to provide answers to the remaining questions, with the answers being reviewed by the Chair prior to dissemination to NASBA.

7. ADJOURN:

The Board's next regularly scheduled meetings are October 29, 2004, December 10, 2004 and January 21, 2005.

Upon a motion s. Powell and a second by Ms. Loucks, the meeting was adjourned.

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