

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
AUGUST 31, 2007
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; Jeffery Bottenberg, Public Member; Adley E. Johnson, CPA; 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, Disciplinary Counsel to the Board; Jeffrey Leiserowitz, Ernst & Young, Kansas City, Mo; Joyce Schartz and Victor Barbo, Public Accountants Association.

B. 1-2 CONSENT CALENDAR:

The Board reviewed the minutes of the July 20, 2007 meeting; reciprocity certificates/permits to practice/practice by notification; firms; FY 2007 and July 31, 2007 financials; and the FY 2007 annual report. Mr. Johnson moved and Mr. Smoll seconded to approve. Upon a vote, the motion carried.

2. CPA EXAM:

The Board reviewed a response to the letter written to the Board of Examiners relative to the problems incurred by an exam candidate in the April May testing window. The Board believed that all that would be done on this matter had been done and no further action would be taken.

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

A. The Board reviewed a list of persons who indicated that they weren't renewing or that couldn't be located. No action was required to be taken.

B. The Board reviewed a list of persons whose permit renewal applications had been returned as "incomplete". No action was required to be taken.

C. The Board reviewed a list of permit holders who had not renewed. No action was required to be taken.

D. The Board reviewed a list of Peer Reviews due and “in process”. Ms. Powell moved and Mr. Smoll seconded that the next extension date by which time a firm was to provide a Peer Review letter of completion, or a letter stating that the firm was “in process” would be December 7, 2007. Upon a vote, the motion carried.

E. The Board reviewed a request from Karen Edwards for an extension of time by which to complete her CPE for permit renewal, due to an extended illness. Mr. Smoll moved and Ms. Powell seconded to instruct Ms. Somers to write Ms. Edwards a letter indicating that since she was not practicing as a CPA for the public, and that if she renewed her permit before June 30, 2008, she would not be subject to the late fee, nor would she have to obtain an additional 8 hours of CPE as a penalty. However, if she renewed her permit after June 30, 2008, she would be subject to the requirements for reinstatement of a permit. Upon a vote, the motion carried.

F. The Board reviewed the Peer Review Oversight Report prepared by James D. Cooper. The Report indicated that he had concluded that the Kansas Society of CPAs had complied with the administrative procedures and standards in all material respects as established by the AICPA Peer Review Board. The Board accepted the report.

G. Ms. Somers presented a request from Larry Rinker for permission to claim audited courses from Washburn for CPE credit. After discussion, the Board determined that these courses would not qualify for CPE credit.

4. DISCIPLINARY MATTERS:

A. 9:30 AM KATHRYN WHITE: Ms. White appeared before the Board for reinstatement of her firm registration for failure to timely comply with Peer Review. Mr. Johnson recused himself from this matter. After a brief discussion with Ms. White, Mr. Bottenberg moved and Mr. Van Norden 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. Bottenberg moved to reinstate the firm registration of Ms. White and that she be required to take the AICPA Comprehensive Ethics exam and receive a score of 90% or higher, with proof being provided to the Board on or before January 1, 2008. Further, that she not be able to claim any CPE derived from the ethics exam for permit renewal purposes. Upon a vote, the motion carried, with Mr. Johnson not voting.

B. CHARLES HARRISON CONSENT ORDER: The Board reviewed a Consent Order entered into with Charles Harrison. Mr. Harrison was ordered to complete 20 hours of accounting and auditing CPE as part of his 80 hours

required for renewal of his permit on June 30, 2007. Mr. Harrison informed the Board, however, that he was retiring, and therefore not renewing his permit, and therefore did not comply with the Board's order. In lieu of disciplinary action for violation of a Board Order, the Consent Agreement was entered into whereby he agreed not to engage in the practice of certified public accountancy in Kansas, and that should he ever again apply for a permit to practice in Kansas he will have to prove by clear and convincing evidence that he is competent to return to the practice. Mr. Johnson moved and Ms. Powell seconded to approve the Consent Order. Upon a vote, the motion carried.

10:30 AM CARL REX OLSON DISCIPLINARY HEARING: Mr. Olson did not appear. Ms. Powell and Mr. Johnson recused themselves from this matter. Mr. Olson was required to appear for conviction of a felony. After hearing the evidence, Mr. Smoll moved and Mr. Van Norden seconded for the Board to go into executive session for ten minutes to deliberate the matter.

When the Board reconvened, Mr. Smoll moved and Mr. Van Norden seconded to issue a Final Order based on the Board's findings as follows:

(1) After giving consideration to the evidence, the Board finds that the facts as set forth in the Petition are true and supported by the record.

(2) The Board orders that Respondent's certificate to practice certified public accountancy is hereby revoked, in accordance with K.S.A. 1-311, based on Respondent's violation of K.S.A. 1-311(a)(5) as in effect in 1993 and K.S.A. 1-311(a)(6) as in effect in 1993.

(3) The Respondent is required to surrender his certificate within ten days of the date of the Final Order.

(3) The Board's General Counsel is directed to prepare a Final Order codifying the Board's findings and order.

Upon a vote, the motion carried, with Ms. Powell and Mr. Johnson not voting.

D. Mr. Bottenberg moved and Mr. Smoll seconded for the Board to go into executive session for thirty minutes to discuss privileged matters, based upon advice by counsel. Upon a vote, the motion carried.

After thirty minutes, the Board reconvened; however, upon motion of Mr. Bottenberg and seconded by Mr. Johnson, the Board went back into executive session for an additional fifteen minutes. Upon a vote, the motion carried.

When the Board reconvened, the following motions were made:

Mr. Smoll moved and Mr. Van Norden seconded, that in regard to a letter written by Bud Vick relative to the reporting of disciplinary action taken against him and Michael Prestia for failure to timely comply with Peer Review, the disciplinary action would be removed from the Board's website; however, it is still reportable discipline should anyone inquire. Upon a vote, the motion carried.

Mr. Smoll moved and Mr. Bottenberg seconded, that in matters where a Summary Order of Suspension and fine had been issued in the past for failure to timely comply with Peer Review, but where the deficiency was cured within the thirty day stay, the reporting of the discipline would be removed from the website; however, it is still reportable as discipline should anyone inquire. Upon a vote, the motion carried.

Mr. Smoll moved and Mr. Van Norden seconded that in the case of firms not timely complying with Peer Review in the future, a letter would be sent to the firms 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. Upon a vote, the motion carried.

With regard to some other types of discipline and the reporting thereof, Ms. Powell moved and Mr. Bottenberg seconded the following:

Firm Registration: Firm registrations are due on or before December 31 of each year. Thereafter, if a firm has not registered on or before January 31, a Notice to Cease and Desist will be sent on February 1 indicating that if the firm registers within thirty days of the Notice of Cease and Desist, no disciplinary action will be taken. If disciplinary action is necessary, a Consent Order may be negotiated or a Summary Order issued, requiring payment of a fine, to be determined by the Board, and appearance before the Board, either in person or by phone.

Reporting of discipline on web page: Currently if a person or firm has been disciplined the webpage indicates "yes" or "no". The reporting of discipline will be changed to reflect the year of the discipline, and the nature of the discipline. The webpage will also reflect that not all discipline is reported on the webpage, and to contact the Executive Director of the Board for more information.

Upon a vote, the motion carried.

5. OTHER:

A. Ms. Powell and Mr. Bottenberg reported on the interim Judiciary Committee hearing of the legislature held July 28, 2007, regarding Senate Bill 351 which was proposed in the 2007 legislative session relative to requiring all disciplinary matters to be heard by the Office of Administrative Hearings. Ms. Powell testified against the proposal on behalf of the Board of Accountancy, as well as an individual practitioner. Other agencies also testified in opposition. The Board urged Mr. Scott to rally his membership in opposition of this proposal.

B. Mr. Bottenberg reported to the Board that the unintended consequence caused by the gaming bill passed by the 2007 legislature relative to the definition of "agency head" as it related to the prohibition of involvement with a gaming facility had been corrected by the Kansas Lottery Commission in a regulation amendment adopted on August 15, 2007.

C. The Board recognized Mr. Johnson's long and dedicated service as a member of the Board. Mr. Johnson collectively has served under 4 Governors, for a total of 18 years on the Board. The Board expressed their sincere thanks and warm best wishes to him.

6. ADJOURN:

There being no further business to come before the Board, upon a motion by Ms. Powell, and seconded by Mr. Bottenberg, the meeting was adjourned.

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