

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
OCTOBER 20, 2006
9:00 AM, LANDON STATE OFFICE BUILDING, ROOM 106
TOPEKA, KS**

1. ADMINISTRATIVE MATTERS:

A. CALL TO ORDER:

Paul Allen, CPA, Vice-Chair, called the meeting to order. Board members participating in the meeting were Mr. Allen; Jeff Bottenberg, Public Member; Ginger Powell, CPA; 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; Victor Barbo, CPA and Joyce Schartz, Public Accountants Association of Kansas.

B. 1-2 CONSENT CALENDAR:

The Board reviewed the minutes of the August 18, 2006 meeting; reciprocity certificates/permits to practice; practice by notification; firms; the September 30, 2006 financials and the 2007, 2008 and 2009 budget. Mr. Smoll moved and Mr. Bottenberg seconded to approve. Upon a vote, the motion carried.

2. CPA EXAM:

A. The Board reviewed the July/August testing window grades previously approved by Ms. Powell. Mr. Van Norden moved and Mr. Bottenberg seconded to ratify the approval of the grades. Upon a vote, the motion carried.

B. The Board reviewed the list of passing candidates and national vs. state statistics for the July/August testing window. No action was required to be taken.

C. The Board reviewed a request from Pittsburg State University to continue to allow writing to learn courses offered by PSU to qualify for the communications requirements to sit for the CPA exam. Ms. Powell moved and Mr. Van Norden seconded to accept these courses as communications courses. Upon a vote, the motion carried.

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. Bottenberg 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 list of persons who had renewed their permits after July 31, 2006, four of which would be appearing before the Board at the meeting for practicing without a permit.

C. The Board reviewed the results to date of the CPE audit performed on 2006 permit renewals. After discussion, Mr. Bottenberg moved and Mr. Van Norden seconded that for those persons who, after reviewing the documents provided to substantiate the hours claimed for renewal, were found to be below the required 80 hours, would receive a Summary Order of revocation of their certificates and permits, with a stay for 30 days by which to obtain the hours they were short (plus an additional 8 hours as a penalty) and pay a \$250 fine. They would not be able to claim these hours for the next renewal period. Ms. Somers is authorized to sign the Summary Order on behalf of the Board. Upon a vote, the motion carried.

Ms. Powell moved and Mr. Van Norden seconded, that a Summary Order suspending the certificate and permits be issued to those persons who do not respond to the CPE audit, and that they be required to appear before the Board before their certificates and permits may be reinstated, pay a fine to be determined when they appear before the Board, and complete any other requirements the Board may deem necessary, for failure to cooperate and failure to maintain compliance with the requirements for renewal of a permit. Ms. Somers is authorized to sign the Summary Order on behalf of the Board. Upon a vote, the motion carried.

D. The Board reviewed its policy regarding late permit and firm renewals. The Board, in the past, has allowed a person to submit their permit renewal up to July 31 (or the previous Friday if that date falls on a Saturday or Sunday) without penalty. Cease and Desist Orders would be sent the first of August stating that if they attempted to renew after August 31 and indicated that they were practicing, they would be subject to appearance before the Board, the late fee, and a fine to be determined by the Board. This in essence, gives a person 60 days to practice without a permit without being disciplined. After discussion, Mr. Smoll moved and Ms. Powell seconded to revise the Board's policy to require that persons

who fail to renew on or before July 31 (or the previous Friday if July 31 falls on a Saturday or Sunday) be issued a Cease and Desist Order on August 1, or as soon thereafter as practicable, ordering them to Cease and Desist from practicing as a CPA without a permit, and for those who attempt to renew their permits after July 31 who indicate that they are practicing, to be required to appear before the Board and pay a fine to be determined by the Board at the hearing. Notice will be included in the renewal packets and will appear on the Board's web page. Upon a vote, the motion carried.

As for firm renewals, the current policy remains in effect: If a complete renewal is received in the Board office after December 31, 2006, the renewal fee will be \$60.00. Cease and Desist Orders will be sent to the firms that have not renewed as soon after December 31 as practicable informing them that if the firm renews after January 31, 2007, they will have to pay the late fee, appear before the Board, and pay a fine to be determined by the Board for practicing without a firm registration. Notice will be included in the firm renewal packets and will appear on the Board's web page.

4. HEARINGS:

A. 9:30 AM MILLER HAVILAND KETTER: Doug Miller and Jim Ketter appeared on behalf of the firm to request that the Summary Order of Suspension and fine issued against the firm for failure to timely comply with Peer Review be vacated. Mr. Miller and Mr. Ketter thought that the KSCPA corresponded directly with the Board relating to their Peer Review, even though all the correspondence indicates otherwise. After hearing the matter, Mr. Bottenberg moved and Mr. Smoll 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 and Ms. Powell seconded to uphold the Summary Order and require that the \$250 fine be paid within thirty days of the date of the Final Order and that the fine may not be paid by credit card. Upon a vote, the motion carried.

B. 9:45 AM JOANNE PIRONIS: Ms. Pironis was to appear before the Board for practicing without a permit. She renewed her permit September 5, 2006 and indicated that she was practicing as a CPA in Kansas. She did not appear, but did send in a fax the day before the meeting indicating that she did not have any clients in Kansas and would be willing to voluntarily surrender her permit.

C. 10:00 AM RANCE HIXSON: Mr. Hixson appeared before the Board for practicing without a permit. Mr. Hixson did not renew his permit until September 5, 2006 and indicated that he was practicing as a CPA in Kansas.

D. 10:15 AM TERRY STALEY: Mr. Staley appeared before the Board for practicing without a permit. Mr. Staley did not renew his permit until September 29, 2006 and indicated that he was practicing as a CPA in Kansas.

E. 10:30 AM JEREMY BUSS: Mr. Buss appeared before the Board for practicing without a permit. Mr. Buss did not renew his permit until September 29, 2006 and indicated that he was practicing as a CPA in Kansas.

After hearing all of the above matters, Ms. Powell moved and Mr. Smoll seconded for the Board to go into executive session for fifteen minutes to deliberate the matters to impose a fine. Upon a vote, the motion carried.

When the Board reconvened, Ms. Powell moved and Mr. Van Norden seconded to accept the voluntary surrender of Ms. Pironis' permit, and that if at any time in the future she would seek reinstatement, that she appear before the Board for practicing without a permit, which would be taken into consideration for reinstatement. Upon a vote, the motion carried.

Mr. Bottenberg moved and Mr. Van Norden seconded that the permits of Mr. Hixson, Mr. Staley and Mr. Buss be issued conditionally upon each of them paying a fine in the amount of \$250.00, which cannot be paid by credit card, within thirty days of the date of the Final Order. Upon a vote, the motion carried.

5. LEGISLATIVE MATTERS:

A. The Board reviewed the task force recommendations for amendments to the accountancy statutes. After a few minor changes are made, copies will be sent to the Kansas Society of CPAs and the Public Accountants Association for comment at the Board's next meeting to be held December 8, 2006.

B. Mr. Smoll moved and Mr. Bottenberg seconded for the Board to go into executive session to discuss attorney/client privileged matters for thirty minutes and requested that Ms. Somers be present. Upon a vote, the motion carried.

When the Board reconvened its meeting, Mr. Bottenberg moved and Mr. Van Norden seconded for the Board to request an Attorney General opinion of the accountancy statutes as they relate to the use of the CPA designation. Upon a vote, the motion carried.

6. OTHER:

A. The Board reviewed the renewal of the contract with NASBA to administer the CPA exam on its behalf. The contract is to run from November

16, 2006 to November 15, 2007. Mr. Smoll moved and Ms. Powell seconded to ratify the contract. Upon a vote, the motion carried.

7. ADJOURN

There being no further business to come before the Board, Mr. Van Norden moved and Mr. Bottenberg seconded to adjourn. Upon a vote, the motion carried.

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