

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
OCTOBER 24, 2014
LONDON STATE OFFICE BUILDING, ROOM 556A
TOPEKA, KS**

1. ADMINISTRATIVE MATTERS:

A. CALL TO ORDER:

John R. Helms, CPA, Chair, called the meeting to order. Board members in person in attendance were Mr. Helms; Denise Denning, CPA; Michael Marsh, CPA; Kathryn Mitchell CPA; Patricia O'Sullivan, Public Member; and Rodney Van Norden, CPA. Also in attendance in person was Susan Somers, Executive Director; Randy Forbes, Disciplinary Counsel to the Board; Darin Conklin, General Counsel to the Board; Aron Dunn, Karen Mitchell, Kansas Society of CPAs; Marlee Carpenter, Lobbyist for the Kansas Society of CPAs; Jay Langley, CPA, Clubine and Rettele, Salina, KS; Tom Martin and Joyce Schartz, Public Accountants Association; and Dick Carter, Lobbyist for the Public Accountants Association.

B. CONSENT CALENDAR:

The Board reviewed the minutes of the October 24, 2014 meeting; reciprocity certificates/permits to practice/firm registrations; and the July 2014 financials. Mr. Van Norden moved and Ms. O'Sullivan seconded to approve the Consent Calendar. Upon a vote, the motion carried.

2. CPA EXAM

A. The Board reviewed the July/August testing window exam scores. Ms. Mitchell moved and Ms. O'Sullivan seconded to ratify the grades. Upon a vote, the motion carried.

B. The Board reviewed the CPA exam statistics comparing the Kansas pass rates to the National pass rates. No action was required to be taken.

C. The Board reviewed a request from Emporia State University for acceptance of a business law course (BU530, Business, Law & Sustainability) to satisfy one of the business law course requirements to sit for the exam. After review, Ms. Denning moved and Mr. Marsh seconded that this course would not qualify as a business law course to sit for the CPA exam as a Kansas candidate. Upon a vote, the motion carried.

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, and indicated that since the Board has already established the due dates for 2014, the report was for informational purposes only.

B. The Board reviewed the results of the CPE audit performed on 2012 permit renewals for informational purposes.

4. HEARINGS:

A. 9:30 AM JENNIFER CALLAHAN REQUEST FOR HEARING ON SUMMARY ORDER: Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Ms. Callahan appeared in person. This matter was before the Board due to a Summary Order being issued against Ms. Callahan for failure to respond to the Board's request for verification of the CPE claimed for her permit renewal under K.A.R. 74-4-9 and for failure to cooperate under K.A.R. 74-5-407, which are violations of K.S.A. 1-311(a)(7 and K.S.A. 1-311(a)(8)). On two different occasions, Ms. Callahan was requested to provide documentation to the Board of proof of completion of the CPE hours claimed for her permit renewal. The Board never received the documentation until after the Summary Order was issued. Ms. Callahan testified that she had sent in the documentation, but the Board office was never in receipt of the documentation. After hearing the testimony, Mr. Van Norden moved and Mr. Marsh seconded for the Board to go into closed session to deliberate the matter for 15 minutes. When the Board reconvened, Mr. Van Norden moved and Ms. Denning seconded to Order Ms. Callahan to pay a fine in the amount of \$500.00, attorneys fees in the amount of \$570.00, and court reporter fees in the amount of \$90.00, all within thirty days of the date of the hearing for violating K.S.A. 1-311(a)(7) and K.S.A. 1-311(a)(8). Upon a vote, the motion carried, with Ms. O'Sullivan not participating.

B. KEITH ZACHARIASEN DISCIPLINARY HEARING: Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Mr. Zachariasen appeared in person. This matter was before the Board as a result of Mr. Zachariasen being chosen for audit of his CPE for his permit renewal, and for which he could not provide documentation of the CPE hours claimed. He had claimed 88 hours on his renewal application, but could only provide documentation of 10 hours. Mr. Zachariasen testified that his previous employment had been terminated and that he was unable to obtain his CPE documentation from his previous employer. After testimony, Ms. Denning moved and Mr. Van Norden seconded for the Board to go into closed session for fifteen minutes to deliberate the matter. Upon a vote, the motion carried. When the Board reconvened, Ms. Denning moved and Mr. Marsh seconded for the Board to go back into closed session for an additional 15 minutes to deliberate the matter. Upon a vote, the motion carried. When the Board reconvened Mr. Van Norden moved and Mr. Marsh seconded for the hearing to be continued to the December 5, 2014 meeting and that subpoenas be issued to all CPE providers identified at the hearing by Mr. Zach arisen for proof of the CPE that he claimed to have obtained. Upon a vote, the motion carried.

5. OTHER:

At this point, the Board, upon motion of Ms. O'Sullivan, seconded by Mr. Van Norden, took a thirty minute break for lunch. Upon a vote, the motion carried.

A. When the Board reconvened, Aron Dunn, the KSCPA liaison to the Board, joined the meeting to further present, on behalf of the KSCPA, a change in the requirements to sit for the exam presently set forth at K.S.A. 1-302a. Discussion was held as to the proposed language and the unintended consequences that could arise as a result of how the revisions were stated. Mr. Dunn indicated that he would take those concerns back to the KSCPA Board and would get back with this Board as to the response from the KSCPA.

Ms. Somers distributed the proposed revisions to K.S.A. 1-316 and K.S.A. 1-321 made by the Revisors office for the definition of attest. No action was taken.

B. Ms. Somers reported that she had received the listing of the firms who were issuing employee benefit audits in the state from the Department of Labor and that she had gone through the listing and flagged 21 firms who were potentially practicing without being registered in the State. She indicated that letters would be sent to the firms requesting a listing of all attest work performed for Kansas clients and If applicable, copies of the firm's Peer Review and/or engagement letters. Once she has gathered all of the information, she will give the information to Ms. Denning and Mr. Forbes to determine what action should be taken.

C. Ms. O'Sullivan moved and Mr. Marsh seconded for the Board to go into executive session for fifteen minutes for attorney/client privilege matters relating to the open meetings act.

6. ADJOURN: There being no further business to come before the Board, Ms. Mitchell moved, and Ms. O'Sullivan seconded, to adjourn. Upon a vote, the motion carried.

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