

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES
LICENSING DIVISION**

2501 Woodlake Circle, Okemos, Michigan 48864-5955

Board of Accountancy

BOARD MEETING MINUTES

August 14, 2009

In accordance with the Open Meetings Act, 1976 PA 267, as amended, the Board of Accountancy met in Regular Session on August 14, 2009, at the Department of Energy, Labor & Economic Growth, Bureau of Commercial Services, 2501 Woodlake Circle, Conference Room 1, Okemos, Michigan. The business meeting was called to order by Chairperson Beth Bialy at 9:04 a.m.

1. ROLL CALL

Present:	Beth Bialy, Chair Mary Miller Stephen H. Epstein Neil DeBoer Carla Sledge Thomas R Weirich, Vice-Chair Daniel Lord Steven Wolock	Professional Member Public Member Professional Member Professional Member Professional Member Professional Member Professional Member Public Member
Absent:	Sally Fedus, Secretary	Public Member
Staff:	Carol Flores Joyce Karr Stacie Bayes Angela Diro Ann Paruk Michael Lockman Stephen Gobbo Jim Lotonski Cathlene Haskin Amy Mugnolo Bob Muladore	Licensing Administrator Licensing Director Assistant Licensing Administrator Acting Board Secretary Enforcement Staff Assistant Attorney General Legal Affairs Director Legal Affairs Enforcement Staff Enforcement Staff Enforcement Staff
Visitors:	Peggy Dzierzawski Walter Koziol Dennis Echelbanger Julie Kosovec Barry Grant	MACPA MACPA MACPA Attorney for Glenn Sheets

2. ADDITIONS TO OR DELETIONS FROM AGENDA

Ms. Bialy stated that there has been a request to place the scheduling of the 2010 meetings on the agenda as 6C. And the Department has requested to move item 5A Waiver of CE Penalty Hours to precede item number 4 on the agenda.

3. APPROVAL OF MINUTES FROM MEETING HELD MAY 15, 2009

Ms. Bialy stated that Ms. Fedus who was unable to be in attendance today had forwarded a request for changes to the unapproved minutes. Ms. Fedus would like the Vice-Chair identified in the roll call; regarding item 5Bi Petitioner Neubecker, the motion was seconded by "Ms. Miller"; item 5Ci Hearing Reports – Reamer, remove the end parenthesis after "fraud violation"; item 6A SEC Related Complaints, included in the motion to appoint the attorney member to the Rules Committee once that person was appointed to the Board and also a Bureau Member to the committee; and, item 6Bi Complaint Inquiry – Risius, correct the spelling to indicate "Risius" and in the last sentence after "inclined" add "to" and after "because" change "if" to "it".

MOTION: It was moved by Ms. Miller and seconded by Mr. Epstein to approve the minutes for the May 15, 2009 Board meeting with the above changes.

WAIVER OF CE PENALTY HOURS

1. Michael Kaslik

Ms. Flores stated that Mr. Kaslik has requested a waiver of a total of 8 penalty hours through period ending August 31, 2009 due to health reasons.

MOTION: Mr. Epstein moved to approve Mr. Kaslik's request for a waiver of the 8 penalty hours through period ending August 31, 2009. Mr. DeBoer seconded and the motion passed unanimously.

2. Leon W. De Lange

Ms. Flores stated that Mr. De Lange has requested a waiver of a total of 12 penalty hours through period ending September 30, 2009 due to a death in the family.

MOTION: Mr. Weirich moved to approve Mr. De Lange's request for a waiver of 12 penalty hours through period ending September 30, 2009. Ms. Sledge seconded and the motion passed unanimously.

3. Katherine Konon

Ms. Flores stated that Ms. Konon has requested a waiver of a total of 8 penalty hours through period ending August 31, 2009 due to health reasons and husband's military deployment.

MOTION: Mr. Epstein moved to approve Ms. Konon's request for a waiver of 8 penalty hours through period ending August 31, 2009. Mr. DeBoer seconded and the motion passed unanimously.

4. OLD BUSINESS

A. AICPA Presentation, Craig Mills

Mr. Mills gave an hour presentation regarding the Uniform CPA Examination. Topics discussed were the desire to build stronger relationships with State Boards, volume trends are encouraging, new content and skills outlines approved, the new features that will address State Board and candidate concerns, changes in the profession and international administrations. Ms. Bialy stated that when the exam was given on paper and pencil that the State Boards could observe. She questioned whether there were States that continue to observe now that the exam is computer based. Mr. Mills replied that there are a few States that still send people to observe. Ms. Sledge questioned what challenges the AICPA faces regarding international candidates obtaining the required CPE credits after earning their CPA designation. Mr. Mills replied that because they passed the exam in English, it is AICPA's belief that international candidates could handle taking CPE in English. Mr. Mills also indicated that AICPA is looking at expanding conference offerings and having online CPE.

B. Reciprocity

Ms. Flores stated that the Department is requesting the Board's assistance in defining the word "equivalent" within current statutory language regarding reciprocity. The Department's recommendation was handed to the Board that proposed that "Equivalency" means: "If an applicant was originally licensed prior to July 1, 2003, the applicant must have a minimum of 120 semester hours and a minimum of 2 years of audit experience that either had or has been obtained since originally licensed"; further, "If an applicant was licensed after July 1, 2003, the applicant must have a minimum of 150 semester hours and a minimum of 1 year of qualifying experience including one financial audit that either had or has been obtained since originally licensed." Mr. Epstein asked what needs to be done to move along any back log of reciprocity applications. Ms. Karr replied that a motion to accept the recommendation of the meaning of the term "equivalency" would make a change in policy and reciprocity applications could be processed more efficiently.

MOTION: Mr. Weirich moved to accept the Department's recommendation regarding the meaning of the term "Equivalency" as stated by the Department's proposal. Mr. Epstein seconded and the motion passed unanimously.

C. Hearing Report Transcript Review – Glenn C. Sheets

Mr. Lockman stated that at a previous Board Meeting he provided counsel to the Board regarding the Administrative Law Judge's error involving "standards of practice", specifically, the Administrative Law Judge made conclusions of law regarding standards of practice when it was the duty of the board to determine those findings.

The Board made and passed a motion at its January 23, 2009 Board meeting to request the hearing transcript in this case and that each party provide a written proposal or brief concerning the three violations of professional standards set forth in the Formal Complaint as follows: (1) paragraph 7 – concerning ET Section 57 – Article VI,.03 of the AICPA Code of Professional Conduct, (2) paragraph 14 – concerning ET Section 54

– Article V, .04 of the AICPA Code of Professional Conduct; and (3) paragraph 15 – concerning ET Section 56 – Article V, .05 of the AICPA Code of Professional Conduct.

Mr. Lockman pointed out that the three matters of professional standards were in paragraphs 7, 14 and 15 of the Formal Complaint. He indicated that the Board may make their own Findings of Fact by creating its own, adopting the Administrative Law Judge's, adopting the Attorney General's, adopting the Respondent's or to pick and choose from the Findings of Facts presented. He advised that should board members develop different Findings of Fact than the Administrative Law Judge (ALJ), the case would be sent back to the ALJ to determine conclusion of law. It was noted that Mr. Epstein and Ms. Bialy recused themselves from this matter. Several Board Members have indicated that they would like to defer this matter to the next Board Meeting for more time to review the material since there are two newly appointed Board Members.

MOTION: Mr. Weirich moved to table this matter until the next scheduled Board meeting. Mr. Lord seconded and the motion passed with Ms. Bialy and Mr. Epstein abstaining.

5. NEW BUSINESS

B. Stipulations

1. Randy K. Lane, P.C.

Ms. Bialy stated Randy K. Lane, P.C. used the designation "certified public accountant" and "certified public accountants" in connection with its name without possessing a license as a certified public accountancy firm. The terms of the agreement are \$1,000.00 fine payable within 60 days and failure to comply shall result in a suspension of the CPA firm and CPA individual licenses.

MOTION: Ms. Miller moved to accept the stipulation seconded by Mr. Epstein. The motion passed with Ms. Sledge abstaining.

2. Himrod & Associates P.C.

Ms. Bialy stated Himrod & Associates P.C. admits to violating a provision or rule for which a penalty is not otherwise prescribed, contrary to MCL 339.604(h). The terms of the agreement are \$1,000.00 fine payable within 60 days and failure to comply shall result in a suspension of all licenses or registrations or in the denial of any license or registration renewal and denial of future applications for licensure or registration until compliance.

MOTION: Ms. Miller moved to accept the stipulation seconded by Ms. Sledge. The motion passed with Mr. Epstein abstaining.

C. Peer Review Minimum Sanctions

Ms. Bialy suggested that a sub-committee be formed to review the Peer Review Minimum Sanctions document. The sub-committee will consist of Mr. Lord, Ms. Bialy, Mr. Epstein and a Department member.

D. Rules Subcommittee Report

Ms. Bialy stated that at the last subcommittee meeting the members reviewed the letter from the chairperson of the Board of Architects requesting support of a change that the Board receive proposed Hearing Reports instead of Final Hearing Reports. Ms. Bialy stated she would like to revisit this letter at the next subcommittee meeting scheduled for September. Ms. Bialy also stated that the subcommittee would like to delete the “for cause” in section 339.734 (f).

MOTION: Mr. Epstein moved to continue the work of the subcommittee, with a goal to get the State Board and Department to act timely to findings of another government agency. Mr. Weirich seconded and the motion passed unanimously.

E. Points of Interest

1. Complaint Process

Ms. Bialy stated that the article “What to Expect if Someone Files a Complaint Against Your CPA License” was included in your Board packet and is for informational purposes.

2. CPE Reporting Program

Ms. Bayes stated that notification letters were mailed out on July 8, 2009. The letters stated that CPE reporting could begin immediately on-line. Ms. Bayes reported that Firm reporting is going well with no technical issues. She indicated that the Individual on-line reporting process experienced some difficulties regarding the calculation of carry over hours from the previous reporting period. Ms. Bayes stated that the technical problems have been fixed and the system is currently reporting correctly. She indicated that forms mailed in were being entered manually and those individuals would not receive confirmation of receipt. She indicated that those individuals, however, would be able to look up their information online in September. Ms. Bayes thanked the MACPA for all of their help with contacting their members. Ms. Karr also thanked the MACPA and Board members for their feedback. Ms. Dzierzawski from the MACPA stated that they have trained their staff members to assist people in registering and entering their CPE on the new State of Michigan online reporting program.

6. ITEMS FOR CONSIDERATION FROM BOARD MEMBERS OR DEPARTMENT

A. Discussion on Industry Experience

Ms. Dzierzawski presented handouts to the Board regarding Michigan’s requirement for experience and audit compared to other states. She stated that things have changed and only Wyoming, New Hampshire, Rhode Island and the Virgin Islands require the same experience as Michigan. She further stated that only New York, Vermont, Maine, Nevada and California have the same requirements as Michigan regarding Audits. Ms. Bialy asked if this is something the Board wishes to change. Mr. Weirich stated that every semester he hears from students who would like a CPA license but the industry is not hiring or they want to go into a small CPA firm but are unable to get a license. Ms. Sledge stated that government employees can not get licensed as CPA’s due to the audit experience.

MOTION: Mr. Epstein moved to move forward in investigating these changes. Mr. Weirich seconded and the motion passed unanimously.

B. Department Review of Accountancy Course Content

Ms. Bayes had an inquiry regarding approval of accounting courses in general. She stated that the Department does not review the content of Accounting courses.

A specific inquiry was made regarding Accounting (ACCT) internship and (ACCT) Accounting Review courses and the board was informed that the courses could apply to the 150 credit hour requirement but not to Accounting or Business course requirements.

C. 2010 Meeting Schedule

The Board was presented in their folders with a proposed Board meeting schedule for the 2010 calendar year. Ms. Miller stated that she would be unavailable to attend the proposed May meeting date and asked if it would be possible to move the date to either the 7th or 21st of May. Ms. Karr stated that staff would look into the availability of the room for those dates.

7. PUBLIC COMMENT

Mr. Grant requested to address the Board regarding future complaints that will be filed with the Department. Ms. Bialy reminded Mr. Grant that public comment is limited to 5 minutes. Mr. Lockman advised the Board that it is inappropriate for him to discuss future complaints with the Board due to fact that if it is determined that a violation exists, the matter would eventually be directed to the Board. Mr. Grant stated he wanted reassurance that the complaints will be acted upon in a timely manner and according to Articles 1-7. Mr. Lockman stated that that issue is to be discussed with the Department. Mr. Grant indicated that he feels that complaints were closed inappropriately. He stated that in 2003 he filed a complaint that he felt was well documented with violations and after a period of one year, it was closed. Mr. Lockman asked if this matter involves parties involved in the matter that was tabled earlier in the meeting. Mr. Grant indicated that it may have an "overlap." Mr. Lockman advised the Board that they were not allowed to view the complaint package presented by Mr. Grant. Mr. Lockman indicated that the appropriate venue would be to file the information with the Department Directors. Mr. Grant stated that he wants to maintain protocol, make the Board aware of the problem and will table his comments until after the current case is completed.

Ms. Dzierzawski stated that she would like to invite the Board Members to the MACPA Awards Dinner on October 5, 2009 and the Member Advisory Symposium on September 22, 2009.

Mr. Grant informed the board that he wishes to video tape the next Board of Accountancy meeting. Ms. Karr stated that she would check the Department policy and let Mr. Grant know the proper protocol for submitting that request.

8. NEXT MEETING DATE

The next scheduled meeting of the Board of Accountancy will be held on November 13, 2009 at 9:00 a.m.

9. ADJOURNMENT

There being no further business to be brought before the Board at this time, Ms. Bialy entertained a motion to adjourn.

MOTION: It was moved to adjourn the meeting by Ms. Sledge and seconded by Mr. Epstein. The motion passed unanimously. The meeting was adjourned at 12:17 p.m.

Recording Secretary

Date