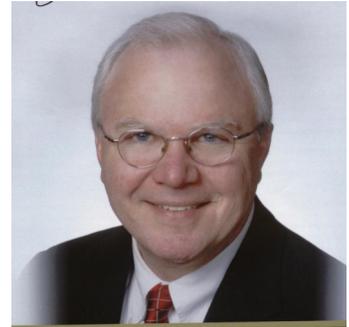




### 2008 William H. Van Rensselaer Public Service

John Peace, CPA was awarded the 2008 William H. Van Rensselaer Public Service Award in recognition of his many acts to strengthen accountancy regulation. Mr. Peace was the NASBA chair from 2000-2001. He was also instrumental in negotiating between three different parties for a computer-based testing agreement. His work continues as he leads a NASBA task force to consider administration of the Uniform CPA Examination outside the United States. Arkansas can be proud of one of our own former Board members in the recognition of this distinguished honor.



### Board Members In the News

A recent article in the Pine Bluff Commercial newspaper dated November 12, 2008, reported two of our Board members recognized for their community service work.

Lloyd Franklin, CFE is pictured as a Rotarian and the Boys and Girls Club Parliamentarian, and Gary Kelly is also pictured representing the Pine Bluff Rotary Club.

### Welcome to the Board

Gene Cogbill, CPA has been appointed by Governor Mike Beebe to serve a five year term on the Arkansas State Board of Public Accountancy.

Mr. Cogbill is a partner in the firm of Cogbill & Lee CPA's in Texarkana. He is a summa cum laude graduate of the University of Arkansas in Fayetteville where he received his Bachelor of Science in Business Administration degree with a major in accounting in 1969. He was a member and past president of Beta Alpha Psi and Beta Gamma Sigma.

He is a past president of the Arkansas Society of CPA's and a former member of Council of American Institute of Certified Public Accountants. He has also served on the Joint Trial Board of the American Institute of CPA's, the National Key Person Legislative Coordinator for Arkansas, and is currently serving on the Professional Liability Insurance Committee of the American Institute of CPA's.

Mr. Cogbill has served as an adjunct accounting instructor at Texarkana College and Texas A&M University-Texarkana (formerly East Texas State University-Texarkana).

He is a former Chairman of the Board of Wadley Regional Medical Center in Texarkana and a former Treasurer of the Texarkana Regional Arts and Humanities Council. He also served as a director of the Texarkana Chamber of Commerce, the Texarkana Museum System, the United Way of Texarkana, the Salvation Army, and the Conifer Council of Girl Scouts.

Gene has served as an elder, deacon and treasurer of First Presbyterian Church in Texarkana. He and his wife Gail reside in Texarkana, Arkansas. They have two grown children and two grandchildren.



Gene Cogbill, CPA

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## *Welcome Bill Millager!*

Bill Millager was appointed to the ASBPA board by Governor Beebe in August 2008. He attended his first meeting in October 2008. Mr. Millager and his wife Gwen have owned a farm between Rogers and Pea Ridge since 1980. They have been Benton County residents since 1986. The couple ran a registered Brangus ranch and a market gardening operation until 1996.



Bill Millager

More or less in parallel, Bill taught Webpage Design and Internet Marketing for the Chamber University and also created the Lift Off program for small businesses, through the Rogers Chamber. Starting in 1991, he was a founding staff member and adjunct professor of the Global Marketing Support Services project for the Bumpers College at the U of A, Fayetteville, serving until 2006.

Since then he has continued as an active member or board member of various civic, environmental, community development, educational and political organizations. Bill is also a SCORE Counselor, a published poet, and a recently published novelist.

Mr. Millager has a degree in electrical engineering from Cornell and an MBA from Harvard (1959). He worked nineteen years for General Electric, starting as a co-op student, progressing through several professional training programs. He was a consulting engineer at the Valley Forge Space Technology Center where he had a small role in the Apollo and Voyager programs. Then, he served as Advanced Planning Manager for the Computer Services Division in Bethesda, Maryland.

Recruited for the UN by USAID, Mr. Millager and his family began a fifteen-year international career in 1970. They lived overseas in Addis Ababa, Nairobi, Vienna, Barbados, and Bangkok. Bill was assigned as a regional field advisor covering investment promotion and economic development. In 1984, he was assigned to head the UN Investment Promotion Office across Second Avenue from the United Nations Headquarters in New York. He and Gwen "retired" to Arkansas in 1986.

### *Mobility Law Passes*

Senate Bill 133 to amend the Arkansas Public Accountancy Act was passed in the Senate and House and has been signed by the Governor. SB133, now known as Act 93, will allow out-of-state CPAs to practice across state lines with no notification and no fees. However, we will continue with all the requirements for practice privilege with notice, fee, and other requirements until the effective date of this law. The effective date of this Act will not be established until the end of the 2009 legislative session.

We will have more information available in future newsletters.

### *Board Meeting Schedule*

**March 2009 - No meeting**  
**April 24, 2009**  
**May 29, 2009**

Meetings of the Board are open to the public, except when under state law some portions may be closed to the public. Unless otherwise noted, meetings begin at 9:00 a.m.

### *Board Office Closed*

In accordance with the holiday schedule adopted by the State of Arkansas, the Board office will be closed on the following dates:

**May 25, 2009 — Memorial Day**  
**July 3, 2009 — Fourth of July Holiday**  
**September 7, 2009 — Labor Day**

## The CPE Corner

### The 120 Hour Rule

Rule 13 is the Board Rule that has all the information concerning the requirements for your Continuing Professional Education (CPE). In our last newsletter we covered the basic requirements for your CPE including the Ethics requirement. In this newsletter, we will cover the proper use of the 120 hour rule.

Board Rule 13.2(a) states: "An applicant for renewal of license must have completed acceptable continuing education, except as otherwise provided in Section 13.2(b), in the amount of 120 hours within 36 months or 40 hours within 12 months ***immediately preceding*** (emphasis added) January 1 of the year for which the license is renewed." One of the most common misunderstandings in using the 120 hour rule is that people look at the 36 months period as a "look forward" period rather than a "look back" period. The word that most people seem to miss is "preceding". This means that the CPE must be obtained in the **previous year(s)** before the year of the license renewal, not in the future years.

#### **The Correct Way to Use the 120 Hour Rule:**

A person who obtained 45 hours of CPE in 2006 and 40 hours in 2007 only had to obtain 35 hours in 2008 to use the 120 hour rule for the licensing year of 2009. The 36 months preceding the licensing year were January 1, 2006 to December 31, 2008.

#### **Incorrect Usages of the 120 Hour Rule:**

(1) A person has 40 hours in 2006 and 50 hours in 2007 for a total of 90 hours. Because they had more than the required 40 hours in 2007, many think they can obtain the remaining 30 hours in 2009. In this example the licensee would be trying to use a year that is not in the preceding 36 months of January 1, 2006 to December 31, 2008.

(2) Another misunderstanding is that sometimes a new licensee thinks they can immediately use the 120 hour rule and plan their CPE according to a "look forward" period. For example, they are trying to renew their license for 2009 and they have 30 hours of CPE in 2008 and plan to take 50 hours in 2009 and 40 hours in 2010 to make a total of 120 hours. Because Board Rule 13.2(a) states that the CPE must be obtained in the 36 months ***immediately preceding*** January 1 of the licensing year, then this person's plan does not meet the rule. Only the CPE obtained in 2008 would fall in the preceding 36 months period.

(3) Remember that you must meet all the requirements of Rule 13 when using the 120 hour rule. For example, you must obtain at least 48 hours of group study in the preceding 36 months period. You can't have only 44 hours of group study in that period and plan to take another 4 hours during the current licensing year. You must meet all the requirements during the 36 months "look-back" period.

To help you to see the 120 hour rule a little better for the preceding 36 months period, please refer to the following chart:

<b>2009</b> Licensing Year	Preceding 36 months period is <b>January 1, 2006 to December 31, 2008</b>
<b>2010</b> Licensing Year	Preceding 36 months period is <b>January 1, 2007 to December 31, 2009</b>
<b>2011</b> Licensing Year	Preceding 36 months period is <b>January 1, 2008 to December 31, 2010</b>

## The CPE Audit Results

The results are in for the 2007 CPE Audits (CPE taken in 2006). Fines/penalties have been assessed for failed audits.

<b>2007 CPE Audit Results</b>			<b>2008 CPE Audit Results</b>	
Acceptable	104	40.78%	Notices were mailed out :	10/27/2008
Failed	129	50.59%	Second notices sent:	12/05/2008
Failed, passed on appeal	21	8.24%	Due Date to respond was:	01/07/2009
Auditee Deceased	1	.39%	222 of 225 Licensees have responded	
<b>Total</b>	<b>255</b>		<b>* No Results are available at this time</b>	

## ***2009 Online Renewals***

Five thousand, six hundred and seventy one (5,671) licensees renewed online for 2009 by the December 31, 2008 deadline. All 2008 licenses expired on December 31, 2008. If you have not renewed your license to practice, inactive license, retired-inactive license, or your firm's license, you may still renew online until March 31, 2009, but you are not in compliance with the Accountancy Law and are considered unlicensed in Arkansas.

Some of the most common issues regarding our online renewal process are as follows:

- 1) Click on the **2009 Online Renewals Now Available** button on our website to enter the renewal process. Do **not** type your name into the Roster Search in an attempt to renew.
- 2) Do not type in a dash (-) or slash (/) in your birth date, if renewing an individual, on the logon screen.
- 3) Include the dash (-) in the EIN number for a firm renewal.
- 4) If your license number starts with a zero ("0"), you must include it to log on; however, if your license number does not start with a zero, please do not insert any leading zeroes. Type in your license number exactly as it appears on your license card.
- 5) If you did not include all of your prior year's CPE with your previous year's renewal, you **cannot** include additional CPE with dates prior to 2008.
- 6) When entering your CPE for 2008, make sure you hit **SAVE** at the bottom of the screen before hitting the **ADD** button for more CPE, and verify that the CPE shows up on the screen before hitting the **CONTINUE** button to proceed to the electronic signature screen.
- 7) You must pay the online renewal with a credit or debit card (Visa, Mastercard, Discover, or American Express). No other means of payment are accepted by the online renewal process.
- 8) Once you submit your payment, **do not** go back on the screens to enter any additional information. This can cause your credit card to be charged twice, if you insert the card information and submit the payment twice.
- 9) Keep a copy of your completed renewal screens for your own records.
- 10) If a licensee waits until January to renew, the Late Fee will apply automatically to your renewal fee on the screen. Each additional month the renewal is late, the additional late fees will be applied per month.
- 11) If a licensee fails to renew by the end of the day March 31, 2009, the renewal period will close and the license will be Lapsed.
- 12) If the address or any other information is not correct (besides the name), this is your opportunity to change and correct any information we have on file. Your license card will be sent to the Mailing Address you provide through the online renewal process.

## ***Inactive Status—What are the Rules?***

Many licensees inquire about what is and is not allowed while holding an Inactive License. We'll try to clear this up for everyone.

### **Accountancy Law, A.C.A. § [17-12-505](#)—Inactive Status, states:**

"The Arkansas State Board of Public Accountancy may by rule create an exception to the continuing education requirement of § 17-12-502 for licensees who do not perform or offer to perform for the public one (1) or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one (1) or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. Each licensee granted such an exception by the board must place the word "inactive" adjacent to his or her CPA title or PA title on any business card, letterhead, electronic transmission, or any other document or device, with the exception of his or her CPA certificate or PA registration, on which his or her CPA or PA title appears."

### **Licensees with an Inactive status cannot:**

- 1) prepare tax returns for the public or furnish advice on tax matters;
- 2) perform public accounting/auditing services, or provide financial advice/consulting;
- 3) use the CPA or PA title without placing the word "inactive" adjacent to the title.

## *New CPA Licenses Issued From September 1, 2008 through December 31, 2008*

ASHLEY DENISE TILLEY	JAMES C. BOURNE	ROSALYN ANNE CARR
BARBARA K. CREIGHTON	JANET A. MOORE	S. DANIEL SHARPE
BELL FOSTER JOHNSON & WATKINS LLP	KATHLEEN MUSHOLT WARD	SARAH REBEKAH LANGHAM
CLYDE T. RODGERS	KATHLEEN WOODVILLE	SETH WILLIAM CLAUS
CROWE HORWATH LLP	LARSONALLEN LLP	SHANNON WILLIAMS HARRINGTON
DAVID A. DIULIS	LEISA PULLIAM	SHAWN R. GROTTTE
DESIRE'E HARRIS TIMMONS	LISA TRAVIS HOYT	SHAWN LYN RENFROW
DORIS RIDGELL SMITH	LORI KING BROCK	SUSIE JO SNIDER
GARY WEINTRAUB	MICHELLE DELENE JOHNSON	TRENT A. HUNTER, CPA INC.
GREGORY PAGE MCELHANON	O'CONNOR & DREW P.C.	WEINTRAUB & SCHANCK, PC
HOLLINGER & ASSOCIATES PLLC	RACHEL RUTH GUTHRIE	WILLIAM E. DOWNING
	ROBERT EUGENE SCHILE	

## *Quality Review Final Results for 2008*

<b>Total number of Individuals and Firms surveyed:</b>	<b>2812</b>	
Licensees who reported No Reports:	2465	
Licensees who reported Exempt (Peer Review):	121	
Licensees who submitted reports:	163	
Licensees who did not respond:	55	
Deceased individuals:	8	
<b>Total number of reports received/reviewed:</b>	<b>312</b>	
Reports classified as Acceptable	168	54%
Reports classified as Marginal	95	30%
Reports classified as Substandard	49	16%
<b>Total of Licensees who did not respond:</b>	<b>55</b>	
*Licensees whose licenses have Lapsed or Void:	19	
Current Licensees referred to the Compliance Committee:	36	

\* Upon a request for Reinstatement or new license, non-response to Quality Review will be addressed by the Board.

## ***CPA Exam —Frequently Asked Questions (FAQs)***

Question:	Where can I find information about the content of the Exam?
Answer:	The content of the Exam is discussed in Proposed Structure & Content Specifications for the Uniform CPA Examination, which is available for download from <a href="http://www.cpa-exam.org/">http://www.cpa-exam.org/</a> , the AICPA's exam web site.
Question:	How long is each section of the Exam?
Answer:	The chart below shows the length of each Exam section. Auditing & Attestation (4.5 hours) Financial Accounting & Reporting (4 hours) Regulation (3 hours) Business Environment & Concepts (2.5 hours)
Question:	Does the Exam include essay questions?
Answer:	Essays (constructed responses) are incorporated into the Exam simulations.
Question:	How much time do I have to pass all sections of the Exam?
Answer:	Once a candidate receives a credit for a section of the Exam, he or she will be allowed a maximum of 18 months to pass all remaining sections of the Exam in order to retain credit for the passed section(s).
Question:	When does the 18-month period for my Exam credit begin?
Answer:	The 18-month period begins on the date the first passed section was taken.
Question:	How often can I take the Exam?
Answer:	A candidate will be allowed to take each section of the Exam up to four times a year with a limit of one time per section in each testing window.
Question:	What is a "testing window"?
Answer:	The Exam is available approximately 60 days out of each calendar quarter. This 60-day period is called a testing window. There will be four testing windows each calendar year. A candidate may take any of the four Exam sections during any testing window.
Question:	Am I required to take all four sections in a two-day period?
Answer:	No. A candidate may take each section separately and the candidate will schedule when he or she wants to take each section.
Question:	Am I required to take the sections in a specific order?
Answer:	No. Candidates can choose to take the Exam sections in any order.
Question:	Am I required to pass one section of the Exam before applying to take another section?
Answer:	No. Candidates are not required to pass one section before applying to take another section of the Exam.
Question:	Once I apply for the Exam, how long will it be before I can actually take the Exam?
Answer:	The time will vary for each applicant and will depend upon whether you are a first-time applicant or a re-examination applicant. First-time applicants must have educational eligibility determined, so the process will take a few weeks. Re-examination applicants should be able to register and will be sent a notice to schedule the examination as soon as the Board office is able to process your re-exam application. The Notice to Schedule is valid for six months from the date of issue, so a candidate will have a set period of time to schedule and take the Exam section(s).
Question:	Can I immediately find out my score after taking a section of the Exam?
Answer:	No, the Exam contains structured responses that must be transmitted to the AICPA for scoring.

### ***Need Exam Information?***

Exam candidates are encouraged to visit the following web sites to obtain the most current information on the Uniform CPA Examination:

[www.arkansas.gov/asbpa](http://www.arkansas.gov/asbpa)  
[www.cpa-exam.org](http://www.cpa-exam.org)  
[www.nasba.org](http://www.nasba.org)

Personal checks are **not** accepted for payment of Exam Applications.

Photos on Exam Applications **MUST** be notarized.

A copy of a government issued identification document is **required** along with your Exam Application.

## 2008 ASBPA Enforcement Actions

### Revocations, Suspensions, or Surrendered in lieu of further disciplinary actions:

#### April 2008

On April 25, 2008, the Arkansas State Board of Public Accountancy (hereafter "Board") held a hearing on Hearing No. H08-001, In the Matter of Russell W. McAdams, Certificate No. 1829R and R.W. McAdams, P.A., No. 615C. By order entered May 23, 2008, the Board ordered that the certified public accountant certificate of Russell W. McAdams and the firm registration of R. W. McAdams, PA firm registration be immediately revoked. The Board's findings were that Respondents violated Arkansas Code Annotated § 17-12-601(a) (4) (9) and Board Rule 13; Board Rule 14.3 (b); and Board Rule 409, Code of Professional Conduct.

On April 25, 2008, the Arkansas State Board of Public Accountancy (hereafter "Board") in the matter of Bertram W. Finzer, Certificate No. 6903 accepted the surrender of his certificate in lieu of further disciplinary action with regards to non-payment of CPE penalty.

#### May 2008

On May 23, 2008, the Arkansas State Board of Public Accountancy (hereafter "Board") held a hearing on Hearing No. H08-003, In the Matter of Curtis V. Byram, Certificate No. 1471R. By order entered June 20, 2008, the Board ordered that the certified public accountant certificate of Curtis V. Byram be immediately suspended until Mr. Byram meets special conditions set forth in the Order and the Board issues a written Order reinstating the suspension. The Board also assessed a civil penalty of Thirty Five Hundred Dollars (\$3,500.00) plus costs of the administrative hearing. The Board's findings were that Respondent violated Arkansas Code Annotated § 17-12-601(a) (2) (4) and (9), Board Rule 13, Board Rule 14.3(b) and Board Rules of Professional Conduct 101, 202, and 409.

#### June 2008

On June 27, 2008 the Arkansas State Board of Public Accountancy (hereafter "Board") approved a Consent Order on Case No. C07-008, In the Matter of KPMG LLP, No. 5LP. By Consent Order entered June 27, 2008, the Board ordered that the accounting firm of KPMG, LLP's registration was suspended for two (2) years. The Board also assessed a civil penalty of Fifteen Thousand Dollars (\$15,000). The Board's findings were that the accounting firm violated Arkansas Code Annotated § 17-12-601(a) and (a) (8) and Board Rule of Professional Conduct 401. The suspension was stayed and KPMG was placed on probation for 2 years on condition that the firm complies with conditions set forth in the Consent Order.

On June 27, 2008, the Arkansas State Board of Public Accountancy (hereafter "Board") in the matter of Brian G. Walker, Certificate No. 8084R accepted the surrender of his certificate in lieu of further disciplinary action with regards to non-payment of penalty for holding out as a CPA.

#### October 2008

On October 17, 2008, the Arkansas State Board of Public Accountancy (hereafter "Board") In the Matter of Morgan A. Berry and Morgan Andy Berry, CPA, P.A., accepted the surrender of his individual CPA Certificate No. 3265 and the firm's Certificate No. 376C in lieu of further disciplinary action for violation of Consent Order No. H05-004. Respondents violated Arkansas Code Annotated § 17-12-601(a) (8) (Supp 2005), 17-12-601 (a) (3) (Supp 2005), 17-12-601(a) (4) (Supp 2005), Board Rule 14 and Code of Professional Conduct Board Rules 401 and 409.

On October 17, 2008, the Arkansas State Board of Public Accountancy (hereafter "Board") held a hearing on Hearing No. H08-004 and H08-005, In the Matter of Curtis V. Byram, Certificate No. 1471R. By order entered December 8, 2008, the Board ordered that the certified public accountant certificate of Curtis V. Byram be immediately revoked and respondent shall cease and desist all types of advertising including newspaper, yellow pages, internet, signage, television and radio. The Board's findings were that Respondents violated Arkansas Code Annotated § 17-12-601(a) (4) (8) (9) and Board Rule 409, Code of Professional Conduct.

### Enforcement Actions Taken by the Board in 2008

Cases resolved due to lack of evidence to support violation:	3
Cases resolved by Consent Order:	30
Cases resolved by Compliance Statement:	5
Cases resolved by Compliance Achieved:	4
Cases resolved with no further action:	6
Cases resolved by Voluntary Surrender in lieu of further disciplinary action:	3 *
Cases resolved by Revocation:	<u>3 *</u>
Total 2008 Enforcement Cases Resolved and Closed:	<b>54</b>

\* including Actions listed above.

## *Have you moved? Are you moving?*

According to Rule 9 of the Arkansas Accountancy Rules, notice must be provided to the Board by the licensee within thirty (30) days of any change of address, business affiliation, or employer.

Similarly, notice must be provided within thirty (30) days of opening a new office or closing an existing office. In the case of opening a new office, the name and the certification or registration number of the Resident Manager must be provided to the Board.

The Address Change Forms are located on our website [www.arkansas.gov/asbpa/forms.html](http://www.arkansas.gov/asbpa/forms.html).



Phone: 501-682-1520  
Fax: 501-682-5538  
E-mail: [ASBPA@arkansas.gov](mailto:ASBPA@arkansas.gov)

**WE'RE ON THE WEB:**

[www.arkansas.gov/asbpa/](http://www.arkansas.gov/asbpa/)

**ASBPA MISSION:**

To administer the public accountancy statutes with the highest degree of integrity, competence and efficiency commensurate with the professional standards of certified public accountants and public accountants.

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