



ASBPA UPDATE

Volume 03—2012

DECEMBER 2012 ISSUE

New Board Member - Jeremy Watson, CPA, CVA

The Board would like to welcome our newest member to the Arkansas State Board of Public Accountancy, Jeremy Watson, CPA, CVA.

Jeremy is a partner of Jones & Company, LTD in Northeast Arkansas.

Jeremy is a resident of Jonesboro, graduated from ASU in 1999, obtained his CPA license in 2001, and became a CVA in 2008. He has worked in public accounting since 1999. He is a member of the ASCPA, AICPA, NACVA, and NEASCPA.

Board members are appointed by the Governor to serve 5-year terms, and are not eligible for reappointment for 5 years after the completion of their term.



Jeremy Watson, CPA, CVA

Online License Renewals Now Available

The online license renewals for Arkansas opened November 5th. If we have an email address for you on file, you should receive an email reminder notification. Please, make sure an email address is provided in the Mailing Address section of the online renewal in order to receive email notifications from the Board. The Board will issue notifications by email, only.

Thank you for your service, Dale Coy, CPA

The Arkansas State Board of Public Accountancy would like to extend our appreciation to Dale Coy, CPA for his last five (5) years of service on the Board. Mr. Coy has been a dedicated member of the Board and the Board wishes him many years of successful business.
Thank you, Mr. Coy!

All Licensees Must Renew By December 31st

All licensees have until December 31st to renew their license without late fees being applied. Starting January 1, 2013, a late fee will be applied automatically to your renewal. You can renew online by going to our website at www.arkansas.gov/asbpa. If a licensee has not renewed by January 1, 2013, a late fee will be applied to the license renewals for each additional month the renewal is late. If the licensee has not renewed their license by March 31st, the license will be Lapsed.

We have had great success with renewals going “paperless!” Please keep in mind that paper forms will not be an option next year for the 2013 renewals.

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2012 Quality Review Survey Results

The results from the 2012 are as follows:

| | | | | |
|---------------------------------|--------------|-------------------------------|------------|---------------|
| Deceased | 3 | Acceptable | 23 | 11.9% |
| Duplicate QR | 1 | Acceptable w/changes | 70 | 36.1% |
| Exempt | 121 | Marginal | 42 | 21.6% |
| No Reports | 1,289 | Substandard | <u>59</u> | <u>30.4%</u> |
| Still Pending | 22 | Total Reports Reviewed | 194 | 100.0% |
| Reports | 105 | | | |
| No Response | <u>8</u> | | | |
| (Sent to Compliance) | | | | |
| Total Licensees Surveyed | 1,549 | | | |

2011 CPE Audit Results

The 2011 CPE Audit has been completed. The results are as follows:

Selected for 2011 CPE Audit = 303

| | | |
|--------------------------|------------|----------------|
| Acceptable | 97 | 32.01% |
| Acceptable w/changes | 143 | 47.19% |
| Failed | 34 | 11.22% |
| Failed, passed on appeal | <u>29</u> | <u>9.57%</u> |
| TOTAL AUDITS | 303 | 100.00% |

Board Meeting Schedule

January 10-11, 2013
April 26, 2013

Meetings of the Board are open to the public, except under state law some portions may be closed to the public.

Unless otherwise noted, meetings are held at the Board office at 101 E Capitol, Suite 450, Little Rock, AR and 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:

December 24-25 - Christmas Holiday
January 1, 2013 - New Year Holiday
January 21, 2013 - MLK Holiday
February 18, 2013 - President's Day

2012 Retired Licensees

The following licensees have retired in 2012 and are no longer practicing public accountancy:

| | | | |
|--------------------|------|----------------------|-------|
| GLEN W. CRONE | 879 | LEONARD G. WARDEN | 3560 |
| WILLIAM D. SPIVEY | 978 | PAUL STEMAC | 4569 |
| HAROLD ADAMS | 990 | JOANNE G. OLSZEWSKI | 6237 |
| C. MICHEL HAIGH | 1060 | LEATHA ANN PALCULICT | 7048 |
| O. CREED SPANN | 1173 | RICHARD L. SCHWARTZ | 1721R |
| VIRGINIA C. GOSLIN | 1980 | HERSHEL F. OWENS | 1999R |
| JAMES R. RIDGELL | 2063 | THOMAS A. GAY | 2265R |

It is important to note that all licensees who wish to retain their license, even in a retired status, must continue to renew each year with the Arkansas State Board of Public Accountancy. Inactive and Retired-Inactive licensees must sign an affidavit to not practice public accountancy, to include doing taxes or providing financial advice to the public.

2012 Inactive Licensees

The following licensees have chosen to go inactive in 2012 and are no longer practicing public accountancy:

| | | | |
|------------------------|-------|-----------------------|------|
| MICHAEL D. WILKINSON | 1220 | DURWARD LANCE JONES | 5164 |
| BEVERLY THWING HARRELL | 2725 | GINA GRACE EDWARDS | 5233 |
| K. RICK TURNER | 2729 | ROBERT MARK STORY | 5459 |
| RICHARD C. MUSE | 2748 | R. ALAN BRIANS | 5643 |
| JAMES L. COUNTS | 2758 | TERRI DAWN SCHICHTL | 5899 |
| CURTIS L. BOWMAN | 2889 | LARRY EUGENE BENCICK | 6157 |
| KATHLEEN O. SMITH | 2949 | MATTHEW W. ANDERSON | 6404 |
| STEVEN W. ALLEN | 3006R | KENNETH L. BERKEMEYER | 6950 |
| JAMES C. MCCAULAIN | 3325 | TODD HAYNES BROGDON | 7011 |
| DAVID L. JORDAN | 3508 | DEE ANN PORTER | 7100 |
| KERRI SUE CLOUD | 3616 | AMY WAY SAHELY | 7325 |
| DONNA L. HIGHTOWER | 3639 | SHERRI D. BUCKMAN | 7342 |
| ANTHONY E. STONE | 3688 | ROBERT B. GREEN | 7405 |
| KEITH L. GRAYSON | 4482R | MELISSA KAY BURR | 7435 |
| TONI L. HINRICHS | 4679 | RICHELLE LEIGH COX | 7483 |
| TIMOTHY BLAIR MCDOUGLE | 4682 | SUSAN J. MORROW | 7509 |
| MIRA DAWN JERRY | 4812 | REBECCA DEEN BURKS | 8425 |
| LARRY E. TEMPLETON | 4861 | ERIN LEIGH WINBERRY | 8576 |
| TAMMY L. SEEDS | 4961 | BRADLEY COMBS WOOD | 8615 |
| DARRYL A. SPENCER | 4982R | XIANBIN GAO | 8704 |
| RONNY D. BEDFORD | 5083 | JAMIE ANN RUSSELL | 8715 |
| JOHN P. BOGNER | 5132 | TIFFANY AMY DARK | 8726 |
| TAMELA BRACEWELL | 5134 | LUKE EDWARD PEARSON | 8988 |
| CINDY L. COPE | 5141 | | |

New Individual Licenses to Practice in 2012

The following are new active LTP licensees to Arkansas for 2012:

Individuals

| | | | | | |
|-------------------------|-------|------------------------------|-------|---------------------------------|------|
| ANDREW J. KELLY | 067 | DOTTIE L. LLOYD | 7242 | LAURA ELIZABETH DEEM | 8925 |
| JOE MAX BARRON | 1020 | JILL CABE HILL | 7293 | JERI ROCHELLE DUNN | 8926 |
| HAROLD W. MAJORS | 1435 | CHARLES BEN ROBINSON | 7414 | KATHERINE JO DUNN | 8927 |
| TOMMY W. RICHARDSON | 2275 | TIMOTHY NEIL MORGAN | 7422R | JAMES ALTON EASON | 8928 |
| JOHN W. HAIRSTON | 2641 | KATIE CHANDLER | 7552 | ANITA MICHELLE ETTEHAD | 8929 |
| PHILLIP E. YOUNG | 2733 | JOHN BERNARD FRAZER | 7857 | LUCAS JAY FINCH | 8930 |
| CALVIN B. JARRETT | 2790 | TRENT ALAN FULMER | 8323 | DEVONA M. FLANIGAN | 8931 |
| THOMAS E. MURRY | 2936 | YAN SUN CHEN | 8892 | LAURA C GANANN-WISE | 8932 |
| SHARREL A. BECKSTROM | 3154 | MORRIS WADE COTHRAN | 8893 | NADINE F. GRADY | 8933 |
| CHARLES J. HARDER | 3171 | CHAD ALLEN GRAHAM | 8894 | DANIEL LUCAS GRAHAM | 8934 |
| BRENDA GAY GEURIN | 3210 | WILLIAM MATTHEW JONES | 8895 | BRANDON MICHAEL GRICE | 8935 |
| CANDACE TERRY NELSON | 3331 | ZACHARY BRANDON KING | 8896 | ANGELA L. HARRIS | 8936 |
| TERRY L. WILLIAMS | 3376 | ALBERT CLARK MCDUGAL | 8897 | CHAD LEON HARWOOD | 8937 |
| JAMES R. DODD | 3569r | JORGE LUIS PEREZ | 8898 | THOMAS JENNINGS HAUSKEY | 8938 |
| JEFFERY M. FRUECHTING | 3629 | CHRISTOPHER WALTER ROBERTSON | 8899 | CRISTIANE CLERIA SANTOS HILARIO | 8939 |
| KAREN CROMMETT HINES | 3934 | DREW BENJAMIN SMITH | 8900 | JOHN BRADLEY HOWARD | 8940 |
| ROBERT M. PORTER | 3999 | RANDALL ELTON STONE | 8901 | ERIC WESLEY HOYT | 8941 |
| SUSAN FRANCES WHITE | 4183 | STEVEN ANDREW WICKMAN | 8902 | KIMBERLY DAWN HULSEY | 8942 |
| DAVID WAYNE STOBAUGH | 4290 | TRACY LYNN ANDERSON | 8903R | SHAWNA N. JEFFREY | 8943 |
| JALYNN THOMAS | 4426 | LAURA ASHLEY FEHR | 8904R | ROBERT ANTHONY JETTON | 8944 |
| KAREN ANNETTE BOLIN | 4501 | DEBRA LAINE FEUERBACHER | 8905R | VANESSA MICHELLE JOHNSON | 8945 |
| JOSE RAFAEL ARJONA | 4755R | KIMBERLEY KATHLEEN GORDON | 8906R | MELISAH CAROL JORDAN | 8946 |
| ANGELA KAY ELKINS DAVIS | 5019 | LONA SKELTON NOONAN | 8907R | MICHAEL SHANE KIDD | 8947 |
| DAWN ANNETTE CARLTON | 5137 | REBECCA MARIE RILEY | 8908R | TRACY JO KIRKLEY-SMITH | 8948 |
| LYNNE EDWARDS GIRDNER | 5145 | JOHNNA ELIZABETH STAUDINGER | 8909R | RICHARD CODY MATTHEWS | 8949 |
| REBECCA WOLFE WEAVER | 5210 | CLAY GREGORY BECKWITH | 8910 | DAVID THOMAS MCCHRISTIAN | 8950 |
| GWENDILYN G. ELMORE | 5421 | MATTHEW JACOB DERAMUS | 8911 | KAREN CONRAD MOORE | 8951 |
| JAMES WESLEY VOLBERDING | 5507R | JENNY ELIZABETH DEMUTH | 8912R | KENNETH DOYLE MULLINAX | 8952 |
| KAREN ANNE BRUNETTI | 5609 | AMANDA NICOLE ARMER | 8913 | RYAN CASEY MYERS | 8953 |
| THOMAS JEFFERSON SIMS | 5660R | STACY ALLISON BAKER | 8914 | ANDRIY S. NAGAY | 8954 |
| JEFFREY LEE CANTRELL | 5693 | MEAGAN REBECCA BATES | 8915 | JODY MARLENA NATIONS | 8955 |
| JILL MAUREEN ALLEMAN | 5778R | RICHARD BRUCE BEAUCHAMP JR. | 8916 | SARAH BETH NORRIS | 8956 |
| STACY OWENS THOMPSON | 6344 | CLAYTON P BELKNAP | 8917 | KIMBERLY ANN OVERSTREET | 8957 |
| TAMARA LEIGH HOOKS | 6464 | CHRISTOPHER E. BELL | 8918 | JAMES BRIAN PETTY | 8958 |
| JESSE SCHALK | 6608 | TYLER MCKEAN BOSS | 8919 | ASHLEY CARA PRIEST | 8959 |
| ASHLEY MARVIN MARTIN | 6669 | JENNIFER M. BRIDGES | 8920 | BRICE CHRISTOPHER PRIESTLEY | 8960 |
| ERIC WAYNE HARRIS | 6708 | JESSICA S. BROWN | 8921 | HEATHER RENEE PRUITT | 8961 |
| JASON BRANT FOWLER | 6956 | COLLINS ELLIOTT COOK | 8922 | VENKATESH RAMANAN | 8962 |
| JEFFREY L. BUTCHER | 7107 | PATRICK W. DEAKINS | 8923 | SHAWN MICHAEL RICHARDSON | 8963 |
| MELANIE ANNE RADCLIFF | 7145 | COLIN THOMAS DEAN | 8924 | ZACHARY DAVIS RILEY | 8964 |

Individuals - continued

| | | | |
|--------------------------|-------|-----------------------------|-------|
| RYAN ALEXANDER SAWYER | 8965 | DEREK MARTIN KEATHLEY | 9007 |
| DAWN LAURICE SIMMONS | 8966 | KRISTY LEE KLAIS LAMB | 9008 |
| MENDY M. SMITH | 8967 | LESLIE MICHELLE LETSCH | 9009 |
| SARAH B. SOUTHARD | 8968 | HOLLY LARAY LONGING | 9010 |
| JOHN PAUL SPECK | 8969 | GEORGIA ANN MCNABB | 9011 |
| HYONSUK AN VANDERPLUYM | 8970 | MEREDITH MORGAN MOSER | 9012 |
| CHAD ANTHONY WARE | 8971 | DREW B. RITCHEY | 9013 |
| EMIL JAMES WHITE | 8972 | JAMES ALAN ROGERS | 9014 |
| CRYSTAL L. WILLIS | 8973 | BENJAMIN DAVID RUSS | 9015 |
| LESLIE ANNE WINTON | 8974 | AARON SHANEYFELT | 9016 |
| MARY ANN BIRDLEBOUGH | 8975R | AUSTIN BLAKE SMITH | 9017 |
| CHRISTINA ROSE BRUCE | 8976R | ALLISON BLAKELEY CHAUMONT | 9018R |
| SUSAN DAWN BURKS | 8977R | BRADLEY DEAN FORSBERG | 9019R |
| JENNIFER LYNN DAUGHETEE | 8978R | CHRISTINA LOUISE MCCLENNING | 9020R |
| CHARLES MATTHEW FLURRY | 8979R | DAVID ANDREW WINKLER | 9021R |
| LESLIE KAY HAYS | 8980 | LAURA ALLISON AKIN | 9022 |
| PAUL CAMPBELL SPIKES | 8981 | JOHN BARRETT BELEW | 9023 |
| SAMUEL T. BUSHEY | 8982 | NICHOLAS GUY BERTIN | 9024 |
| CHRISTOPHER LEE ELTON | 8983 | ANDREW L. GRAVES | 9025 |
| DEATRA RIEKE HARE | 8984 | SHANNON NICOLE GRISE | 9026 |
| KATHARYN RACHEL HOPE | 8985 | JAMES ANTHONY GROTH JOHN | 9027 |
| ASHLEY MARIE JONES | 8986 | ANGELA MARIE HOOVER | 9028 |
| RACHEL ELIZABETH KLEMMER | 8987 | TYLER DONOVAN KENNON | 9029 |
| LAUREN MARIE ROBINSON | 8989 | SIDNEY ALISE STEWART | 9030 |
| AMBER DAWN WHITT | 8990 | KEVIN W. WHITE | 9031 |
| JOHN RICHARD WILMOTH | 8991 | MARK ROBERT DRAUGHON | 9032R |
| AMANDA DAWN WYATT | 8992 | RYAN BOTHA | 9033 |
| CHARLES K. ATKINSON | 8993 | LANDON NICHOLAS BOYKIN | 9034 |
| JOHN C. CHENEY | 8994 | TYLER JOE EMERSON | 9035 |
| WILLIAM CODY JONES | 8995 | NICKLAUS P FREYALDENHOVEN | 9036 |
| MICAH RHAEEANN KNOX | 8996 | ADAM B. JONES | 9037 |
| KELLY JO MILLWOOD | 8997 | MATTHEW KIRKPATRICK | 9038 |
| MICHELLE E MORRIS | 8998 | WHITNEY TAYLOR KOENIGSEDER | 9039 |
| RANDA LEIGH WILLIAMS | 8999 | REBECCA CHRISTINE MILLER | 9040 |
| MARK RANDAL ALDER | 9000 | WILLIAM PUCKETT | 9041 |
| KRISTI MICHELLE ANDERSON | 9001 | CHARLES AARON REED | 9042 |
| KARI GAYNELL EATON | 9002 | JOHNNIE LARONE SAMPSON | 9043 |
| RU ANN ELLIOTT | 9003 | SARAHBETH VASGAARD | 9044 |
| STEVEN CARL ETCHISON | 9004 | REBECCA P. BOSS | 9045R |
| JAYE PAUL GASAWAY | 9005 | KARL EDWARD HERTEL | 9046R |
| CHRISTOPHER M JAMES | 9006 | | |

The following firms became licensed in Arkansas in 2012:

Firms

| | | | |
|---|-------|---|------|
| DIAMOND LAKES CPA SERVICES | 169LC | BAKER TILLY VIRCHOW KRAUSE, LLP | 82LP |
| WILLIAMS & MORRIS ACCOUNTING & TAX SERVICE, LLC | 170LC | DEBRA THOMPSON CPA PA | 840C |
| TERRY L. MERCING, CPA, PLLC | 171LC | BERBERICH TRAHAN & CO., P.A. | 841C |
| RIKARD & NEAL CPAS, PLLC | 172LC | LATTIMORE BLACK MORGAN & CAIN, PC | 842C |
| HENDERSON & HILL, LLC | 173LC | HINKLE & COMPANY, PC | 843C |
| DREW A. VANWINKLE, CPA, PLLC | 174LC | VICKY L. ROSS, CPA, P.A. | 844C |
| BUNCH & LANIER, CPAS, LLC | 175LC | PEARSON ACCOUNTING INC. | 845C |
| LONG CPA & CONSULTING, PLLC | 176LC | ANDREW PIERI CPA, P.C. | 846C |
| PLANTE & MORAN, PLLC | 177LC | BOTTOM LINE TAX & ACCOUNTING SERVICES, INC. | 847C |
| JAMES DYKHOUSE, CPA | 5SP | ERIC J. SCISM PROFESSIONAL ASSOCIATION | 848C |
| JACK MOORE, CPA | 6SP | MATTHEW T. BAXTER, CPA, P.A. | 849C |
| PHBV PARTNERS LLP | 79LP | COHNREZNICK LLP | 84LP |
| MCILROY, KEEN & COMPANY LLP | 80LP | TEAFF & DRAUGHON, CPA'S PA | 850C |
| DANA F. COLE & COMPANY, LLP | 81LP | | |

Registration of Firms

Please remember to register your firm with the Board, according to Ark. Code Ann. § 17-12-401-404. All entities that are engaged in the practice of public accountancy or that offer professional services and use the title “CPA” or “CPA firm” should be registered with the Board. Additionally, if you have an entity that has Accountancy in its title or list of services, please contact the Board to discuss your registration requirements.

Arkansas State Board of Public Accountancy Participating in National CPA Database

In an effort to increase the level of service for its constituents, the Arkansas State Board of Public Accountancy has elected to participate in CPAverify.

What is CPAverify? CPAverify is a national database of CPAs, developed in joint effort with state boards of accountancy and the National Association of State Boards (NASBA). It was designed as an outward-facing version of an internal CPA database that has been in operation by NASBA for many years and only available for use by authorized State Board personnel.

In its initial launch in October 2011, CPAverify included licensee data for 22 states. Additional states are being added until all 55 U.S. CPA licensing jurisdictions are included.

How does it work? The Arkansas State Board of Public Accountancy populates the database with official regulatory CPA data on a regular schedule. In most cases, NASBA receives this data from state boards on a daily basis.

How can CPAverify benefit me? CPAverify is an online reporting tool providing individuals and organizations with a centralized way to conveniently and reliably research the official license status of a CPA across multiple states without the need for conducting a search of each state board website individually. It is free to the public, and very easy to use.

To learn more about CPAverify or to conduct your own search, visit www.CPAverify.org.



Proposed Board Rule Changes

The Board is proposing several changes to its rules. A copy of the rules changes can be found at the link below:

http://www.arkansas.gov/asbpa/proposed_rules.html

If you have any comments about these proposed changes, please e-mail them to the Board's Executive Director - james.corley@arkansas.gov. There will be a public hearing held on April 26, 2013 for anyone who would like to address the board about any of the proposed changes.

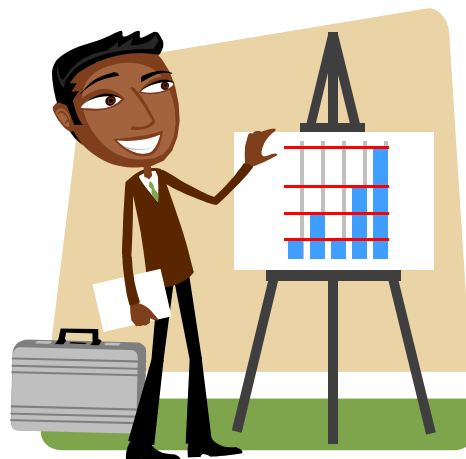
Arkansas

CPA Exam Performance Summary: 2012 Q-3

| <u>Section Performance</u> | | | |
|----------------------------|-----------------|--------------|---------------|
| | <u>Sections</u> | <u>Score</u> | <u>% Pass</u> |
| First Time | 181 | 72.7 | 50.3% |
| Re-Exam | 165 | 68.8 | 34.6% |
| AUD | 98 | 70.2 | 30.6% |
| BEC | 76 | 73.8 | 56.6% |
| FAR | 88 | 72.4 | 52.3% |
| REG | 84 | 67.4 | 34.5% |

CPA Exam Performance Summary: 2011

| <u>Section Performance</u> | | | |
|----------------------------|-----------------|--------------|---------------|
| | <u>Sections</u> | <u>Score</u> | <u>% Pass</u> |
| First Time | 614 | 69.7 | 46.1% |
| Re-Exam | 473 | 69.2 | 36.4% |
| AUD | 296 | 71.4 | 44.9% |
| BEC | 239 | 69.7 | 41.8% |
| FAR | 248 | 68.3 | 41.1% |
| REG | 304 | 68.5 | 39.5% |



Successful CPA Exam Candidates

July—August 2012

| <u>First Name</u> | <u>Middle Name</u> | <u>Last Name</u> | <u>City</u> | <u>State</u> | <u>Zip Code</u> |
|-------------------|--------------------|------------------|---------------|--------------|-----------------|
| Lacee | Kee | Badders | Austin | AR | 72007 |
| Cassie | M. | Daniel | Rosston | AR | 71858 |
| Elena | D. | Diffily | Little Rock | AR | 72211 |
| Tyler | J. | Emerson | Springdale | AR | 72762 |
| Nicklaus | P. | Freyaldenhoven | Fayetteville | AR | 72701 |
| Tiffany | N. | Howton | Jonesboro | AR | 72404 |
| Adam | B. | Jones | Alexander | AR | 72002 |
| Asselya | | Kaliyeva | Conway | AR | 72034 |
| Sarah | M. | Kemper | Conway | AR | 72034 |
| Whitney | T. | Koenigseder | Fayetteville | AR | 72703 |
| Emily | J. | Morgan | Mountain Home | AR | 72653 |
| Micah | | Osborne | Little Rock | AR | 72212 |
| William | | Puckett | Little Rock | AR | 72212 |
| Charles | A. | Reed | Hensley | AR | 72065 |
| Chester | N. | Snodgrass | Lincoln | AR | 72744 |
| Andrew | J. | Terry | Little Rock | AR | 72211 |
| Bryce | | Tritt | Dallas | AR | 75201 |
| Andrew | V. | Vaden | Benton | AR | 72019 |
| Sarabeth | | Vasgaard | Fayetteville | AR | 72704 |
| Jeffery | R. | Zern | Little Rock | AR | 72223 |

Congratulations to our most recent successful CPA Exam candidates.



After You Pass the CPA Exam.....

It is important to understand that you **CANNOT** use the term **Certified Public Accountant** or the designation of **CPA**, after you pass the CPA Exam. According to Arkansas law, you cannot use the CPA designation or use the term Certified Public Accountant until you have been licensed by the Arkansas State Board of Public Accountancy. Many individuals believe that once they pass the Exam, they can call themselves a CPA—this is not accurate.

After you pass all four (4) parts of the CPA Exam (AUD, BEC, FAR, REG), your scores must first be audited by the Board. You will be notified in writing once your scores have been validated. You will be mailed a confirmation letter with instructions regarding how to apply for licensure with the state of Arkansas. This process may take a few weeks, but we will get this information to you as quickly as we can.

Engagement Letters: An Essential Risk Management Tool

As the accounting profession takes on more roles in order to remain competitive, lawsuits now delve into a wider range of issues. Although legal actions were once largely generated by tax and audit work, such actions also derive from compilation and review, write-up, and management advisory services.

Many lawsuits involving CPAs are the result of a communication breakdown (or “expectation gap”) between the CPA and the client. In many situations, the client’s understanding of the scope of services to be performed and how the work product will be utilized may be quite different from the CPA’s understanding of these issues.

Although engagement letters are not required legally, they are strongly encouraged. A properly drafted engagement letter can serve as a helpful risk-management tool by establishing a legal framework for a working relationship with a client.

While the engagement letter itself may vary with the level of service or type of engagement to be provided, common provisions in most engagement letters include the following:

- Identification of client;
- Description of the engagement and its limitations;
- Timing of the work and staffing of the engagement;
- Client information and responsibilities;
- Designation of the party to work with the CPA;
- Identification of intended users of the CPA’s work product;
- Fees and payments;
- Withdrawing from and/or terminating the engagement;
- Responding to discovery requests, subpoenas, and outside inquiries;
- Alternative dispute resolution as a means of resolving disputes;
- Where applicable, disclosures recommended or required by the AICPA; and
- Client signature.

Identification of Client

A properly drafted engagement letter should identify who will receive the CPA’s services. The CPA may be working for an individual, a group, an entity, or a portion of an entity. For example, if the CPA’s client is a corporation that has subsidiaries or other corporate affiliations, it may be necessary to identify the entities to be included in the engagement.

Description and Limitations of Work to Be Performed

The engagement letter should indicate what services are to be rendered. In general, the CPA should outline the procedures to be performed and any reports to be issued. In so doing, the engagement letter can help guard against the client developing unreasonable expectations about the nature and the scope of the services to be provided.

Timing of Work and Staffing of Engagement

This section of the engagement letter varies by the type of engagement and indicates when the engagement will begin and end. For example, an audit engagement may contain a provision indicating the date fieldwork will begin and end and possibly an expected date of delivery of the audit report.

A tax engagement may contain a provision indicating any known filing deadlines and the parties' understanding concerning the use of extensions should the information not be received by the CPA to timely prepare the return.

Some CPA firms may indicate who will be staffing the engagement. This provision may prove helpful, for example, where a client expects to work with certain employees of the CPA firm.

Client Information and Responsibilities

In most engagements, the client is required to collect certain information and provide certain records to the CPA. If this information is necessary for the CPA to complete the engagement, these client responsibilities, and any applicable deadlines for the completion of work by the client, should be described.

For example, a tax engagement would normally contain a provision indicating it is the client's responsibility to sign and file tax returns prepared by the CPA, along with an explanation of the consequences of the client's failure to sign and file such returns.

Designation of the Party to Work with the CPA

Some engagement letters request the client to designate the party to work with the CPA. This provision can help the CPA avoid situations in which conflicting requests or instructions are received from more than one of the client's employees.

Identification of Intended Users of the CPA's Work Product

In some jurisdictions, a CPA can limit or avoid liability to third parties by identifying in the engagement letter the intended users of the work product. In addition to identifying these users, this provision often contains language prohibiting the client from distributing the CPA's work product to any party other than these users.

In deciding whether the engagement letter should contain this provision, competent legal counsel should be consulted. This is especially true for jurisdictions which have privity standards for establishing auditor negligence.

Fees and Payments

An engagement letter can help avoid fee disputes before the work begins. This section of the letter details how and when the client will be billed. It may describe the amount of retainer (if any); how the fee will be computed; when payment will become due; the client's obligation to pay promptly; and the CPA's rights should the client fail to give prompt payment.

In some cases, the CPA may charge interest for late payments. In more extreme cases, it may be necessary for the CPA to suspend work or cancel the engagement for fees not paid.

Withdrawing From or Terminating the Engagement

At times, it may be necessary for the CPA to withdraw from the engagement. The engagement letter should outline the conditions that might lead to the CPA's withdrawal and the procedures the CPA will follow in case of withdrawal.

Examples of situations in which the CPA's withdrawal from the engagement may be required include issues of conflict of interest; management ethics or integrity; or the CPA's real or apparent lack of independence.

This section should also discuss policies and procedures related to the termination of the engagement including return of client files; preparation of the final bill; work paper retention; and date of termination of services.

Responding to Discovery Requests, Subpoenas, and Outside Inquiries

Occasionally, a CPA may receive a discovery request, subpoena, or outside inquiry. While several states have established a CPA/client privilege with respect to communications, most states do not have such a privilege.

Moreover, there is no federal CPA/client privilege with the specific exception relating to tax planning. This section of the engagement letter can help avoid future misunderstandings between the client and the CPA regarding whether, and to what extent, the CPA may be required to respond to such requests.

Alternative Dispute Resolution

Alternative dispute resolution (ADR) refers to methods of resolving disputes outside of the courtroom. One of these methods is known as arbitration.

In arbitration, the opposing parties select one or more arbitrators who decide the outcome of the dispute. In most cases, the decision of the arbitrator cannot be appealed. Typically, the pre-arbitration discovery process is limited, and third parties are not bound by the arbitrator's decision.

Another method of resolving disputes outside of a court of law is mediation. During mediation, a mediator attempts to find the "common ground" that exists between the opposing parties that may lead to a mutually agreed-upon settlement. In the event the mediation is not successful, the parties, if they so desire, may litigate their dispute.

Before inserting a provision in the engagement letter regarding ADR, a CPA should consult with legal counsel regarding the provision's enforceability.

In addition, inserting a provision concerning alternative dispute resolution in an engagement letter may have insurance coverage implications. For example, while some insurers encourage the use of mediation, under some policies the use of an arbitration clause may limit or void the CPA's professional liability insurance coverage for any claims that are arbitrated.

Disclosures Recommended or Required by the AICPA

The AICPA recommends the inclusion in an engagement letter of certain disclosures for certain types of engagements. These disclosures may be incorporated into, or have an effect upon, other provisions of the engagement letter.

Client Signature

This section should request the client sign and return an executed copy of the engagement letter to the CPA. It should provide that if the client does not agree that the engagement letter accurately reflects the agreement of the parties to the engagement, the client will promptly notify the CPA.

If the client does not return a signed engagement letter, the CPA may send a certified letter indicating that, unless otherwise notified, the CPA will assume the client agrees to the terms of the engagement letter or the CPA may recuse himself or herself from the engagement. In any event, the most effective engagement letter is one signed by the client before the CPA begins the engagement.

(Reprinted from the Activity Review, No. 7-2012, with permission from the NC State Board of CPA Examiners).

2012 Board Disciplinary Actions

The following licenses have been revoked by the Arkansas State Board of Public Accountancy in 2012:

James M. Blew 1635 - Junction, TX
Don R. Harrison 8197R - Springdale, AR
Susan L. Meyers 3142 - Scottsdale AZ
Judy Plum Moore 3134R - Atlanta, TX
Joseph Frank Gallo 8682R - Rogers, AR
William David Rothwell 4413 - Hot Springs, AR
Gini L. Vanness, P.A. 625C - Springdale, AR
Lamar F. Baker 2232 - Shreveport, LA
Gerald E. Fischer 1229 - Harrison, AR
Gerald E. Fischer CPA LTD 215C - Harrison, AR

Help Us Identify the Unauthorized Practice of Public Accountancy

Help Us Identify the Unauthorized Practice of Public Accountancy and Other Violations

If you suspect someone in your community of holding out as a CPA without a valid license, please contact the Board's office and provide us with as much information as possible so we can investigate. We are also interested in finding out about other Board rules or Law violations that you may be made aware of.

With limited staff and resources, we need your help to ensure compliance with our statutes and to ensure that the public interest is protected.

New Employee - April Murphy

April Murphy joined the staff of the Arkansas State Board of Public Accountancy on Nov 19th, 2012. She comes to us with a background in sales, marketing and technical savvy.

April enjoys reading, collecting books, watching classic films and crafting, and she has a deep appreciation for art and photography. A long-time resident of North Little Rock, April has also lived as far south as Fordyce, Ar and as far north as Fayetteville.

She enjoys learning about the history of Arkansas and touring historic sites. She is a Board licensed Cosmetologist and has a daughter named London. April looks forward to working with us and helping out in any way she can.

Welcome to the staff of the Board, April.



April Murphy

State Board of Accountancy Board Members



Gene Cogbill, CPA
President
Texarkana
Term: 2008 — 2013



Dr. Mike Moore, CPA
Secretary
Conway
Term: 2009 — 2014



Karen Garrett, CPA
Treasurer
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Term: 2010 — 2015



Wade Turner, CPA
Searcy
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Jeremy Watson, CPA, CVA
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Term: 2012 — 2017



Lloyd Franklin, CFE
Pine Bluff
Consumer Advocate
Term: 2008 — 2012



Bill Millager, MBA
Rogers
Consumer Advocate
Term: 2008 — 2013

State Board of Accountancy Staff



Jimmy Corley, CPA
Executive Director
(501) 682-5533
James.Corley@arkansas.gov



Dale Edge, CPA
Investigator
(501) 682-5525
Dale.Edge@arkansas.gov



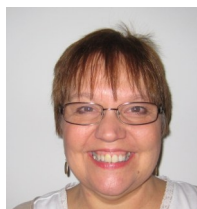
Joshua Jacobs, CPA
Investigator
(501) 682-5525
Joshua.Jacobs@arkansas.gov



Ann Jessup
Fiscal Officer/CPE Coordinator
(501) 682-5534
Ann.Jessup@arkansas.gov



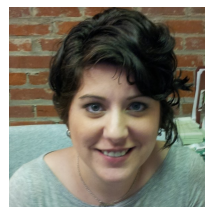
Angela Johnson
Administrative Assistant / Licensing
(501) 682-5532
Angela.R.Johnson@arkansas.gov



Sheila Maglothin
Credentialing Coordinator
(501) 682-2575
Sheila.Maglothin@arkansas.gov



Robin Fritchman
Administrative Assistant III
(501) 682-2574
Robin.Fritchman@arkansas.gov



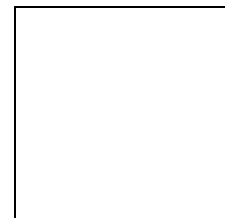
April Murphy
Credentialing Assistant
(501) 682-2690
April.M.Murphy@arkansas.gov



Alan Fortney
Information Technology Manager
(501) 682-2512
Alan.Fortney@arkansas.gov



Arkansas State Board of Public Accountancy
101 East Capitol, Suite 450
Little Rock, AR 72201



Moving? Please Notify the Board Office of Your New Address

The rules and regulations require all licensees to notify the ASBPA of all such changes by sending a change of address form to the office . Please include a street address to facilitate any express mail deliveries.

Name _____

Employer _____ License# _____

Old Address: _____ New Address: _____

Phone: _____

Email: _____

Signature: _____ Date: _____

Please Mail to: Arkansas State Board of Public Accountancy
101 East Capitol, Suite 450, Little Rock, AR 72201