

Sherry Chesser CPA, President
David Vaden CPA, Secretary
Deana Infield CPA, Treasurer
Richard Bell CPA, JD



Shane Warrick CPA, PhD
Denny Woods JD
Kevin Canfield

Jimmy Corley CPA
Executive Director

Board Meeting Minutes

June 12, 2020

A regular meeting of the Arkansas State Board of Public Accountancy was held in the basement conference room of the Main Street Mall Building (101 E. Capitol, Little Rock, AR) on June 12, 2020 with Sherry Chesser, President, presiding. Other members of the Board in attendance were Kevin Canfield, Richard Bell, Denton Woods, Deana Infield, David Vaden, and Shane Warrick. Members of the staff in attendance were: Jimmy Corley, Dale Edge, Tim Montgomery, Alan Fortney and April Murphy. Also in attendance were Michael Zingui, Hearing Officer*; Tiffany Harris, Court Reporter*, Sara Farris, Attorney General's Office, Brian Thompson of the ASA and Marsha Moffitt of the ARCPA.

CALL TO ORDER

Mrs. Chesser officially called the meeting to order at 9:11 a.m. A quorum was found to be present.

PUBLIC HEARING

The Board immediately moved to the public hearing of the following cases:

H20-001 H20-015

H20-004 H20-016

H20-007 H20-018

H20-009 H20-021

H20-010 H20-024

H20-011

APPROVAL OF MINUTES

A motion was made and seconded to approve the minutes of the April 2020 and May 2020 Board meetings. The motion passed unanimously.

TREASURER'S REPORT

A motion was made and seconded to approve the April 2020 and May 2020 Treasurer's Reports, as presented. The motion passed unanimously.

COMMITTEE REPORTS

COMPLIANCE

The Compliance Committee has not met since April.

Twenty-eight (28) New Complaints:

- One firm requesting to withdraw from Peer Review.
- Five firms with lapsed licenses.
- Twenty-two individuals with lapsed licenses.

Requesting closure of seventeen (17) complaints; five (5) by consent order

1. **C20-020 – (Cert. #9148)** – Licensee with unregistered firm. After further review, it was determined firm was registered. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
2. **C20-048– (Cert. #3198)** – Licensee failed to renew license and became lapsed April 1, 2020. Licensee requested reinstatement to inactive status and paid the \$150.00 application fee. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement requiring timely renewal for next three (3) years has been signed and \$95.00 in renewal and late fees have been collected.
3. **C20-049 – (Cert. #5884)** – Licensee failed to renew license and became lapsed April 1, 2020. Licensee requested reinstatement to inactive status and paid the \$150.00 application fee. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement requiring timely renewal for next three (3) years has been signed and \$95.00 in renewal and late fees have been collected.
4. **C20-050 – (Cert. #9147)** – Licensee failed to renew license and became lapsed April 1, 2020. Licensee requested reinstatement to active status and paid the \$150.00 application fee. Licensee has provided

documentation of completion for 125.5 hours of Continuing Professional Education completed from 2017-2019. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement requiring timely renewal for next three (3) years has been signed and \$210.00 in renewal and late fees have been collected.

5. **C20-051 – (Cert. #311LC)** – Licensee firm failed to renew annual registration and became lapsed April 1, 2020. Licensee firm requested reinstatement and paid the \$150.00 application fee. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement requiring timely renewal for next three (3) years has been signed and \$210.00 in renewal and late fees have been collected.
6. **C20-053 – (Cert. #2963)** – Licensee failed to renew license and became lapsed April 1, 2020. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee’s request to surrender AR CPA certificate 2963.
7. **C20-057 – (Cert. #1323)** – Licensee failed to renew license and became lapsed April 1, 2020. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on information that licensee is deceased.
8. **C20-064 – (Cert. #4561)** – Licensee failed to renew license and became lapsed April 1, 2020. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee’s request to take retired status.
9. **C20-065 – (Cert. #7212)** – Licensee failed to renew license and became lapsed April 1, 2020. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee’s request to surrender AR CPA certificate 7212.
10. **C20-068 – (Cert. #9769)** - Licensee failed to renew license and became lapsed April 1, 2020. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee’s request to surrender AR CPA certificate 9769.
11. **C20-070 – (Cert. #3407)** – Licensee failed to renew license and became lapsed April 1, 2020. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee’s request to take retired status.
12. **C20-072 – (Cert. #310LC)** – Licensee firm failed to renew license and became lapsed April 1, 2020. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee’s request to surrender AR CPA Firm registration 310LC.

A motion was made and seconded to accept the Compliance Committee’s recommended findings and proposed resolutions as to items 1 through 12, listed above. The motion passed.

CONSENT ORDERS

- 1) **C19-079 - Consent Order (Cert. #9788)** - Respondent failed to enroll in a Board approved Peer Review program while performing attest services. Respondent has signed a consent order agreeing to undergo pre-issuance review and written approval by a Board approved CPA of all attest reports prior to the release of said reports to a client or third party. This limitation shall be in effect until Respondent receives an acceptable rating on a Peer Review issued by an approved Peer Review program. Respondent has also agreed to complete the registration for any firm owned or operated by Respondent before issuing any attest report or compilation through said firm. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution as to C19-079. The motion passed.

- 2) **C20-001 - Consent Order (Cert. #9536/299LC)** – Respondent has requested to withdraw from Peer Review. Respondent has signed a limitation consent order agreeing to cease performing attest functions. In addition, if Respondent decides to enter Peer Review at a later date, Respondent will be subject to pre-issuance review until a successful Peer Review is completed. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution as to C19-096. The motion passed.

- 3) **C20-003 - Consent Order (Cert. #1906/150C)** – Respondent has requested to withdraw from Peer Review. Respondent has signed a limitation consent order agreeing to cease performing attest functions. In addition, if Respondent decides to enter Peer Review at a later date, Respondent will be subject to pre-issuance review until a successful Peer Review is completed. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution as to C19-096. The motion passed.

- 4) **C20-010 - Consent Order (Cert. #7406/648C)** – Respondent has requested to withdraw from Peer Review. Respondent has signed a limitation consent order agreeing to cease performing attest functions. In addition, if Respondent decides to enter Peer Review at a later date, Respondent will be subject to pre-issuance review until a successful Peer Review is completed. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution as to C19-096. The motion passed.

- 5) **C20-017 - Consent Order (Cert. #8433/900C)** – Respondent has requested to withdraw from Peer Review. Respondent has signed a limitation consent order agreeing to cease performing attest functions. In addition, if Respondent decides to enter Peer Review at a later date, Respondent will be subject to pre-issuance review until a successful Peer Review is completed. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution as to C19-096. The motion passed.

Discussion Item: C18-046 - Consent Order (Cert. #123LC)

Respondent firm failed to adequately plan and supervise an employee primarily responsible for providing monthly services with regard to payroll, receivables, payables, sales and bank activity as well as assisting with bank reconciliations, overhead allocations, inventory and journal entry recommendations for a client. In January 2020, employee of respondent firm pled guilty to embezzling more than nine million (\$9,000,000) dollars over a period of more than 21 years. Respondent Firm has signed a consent order and agreed to pay a ten thousand (\$10,000.00) dollar penalty and obtain pre-issuance review for two (2) years for all attest reports issued. Requesting closure by Consent Order contingent on receipt of monies.

After discussion by the Board, it was determined to not accept the Consent Order at this time. The Board requested Board staff to write a letter to Respondent requesting the following information:

- current policies and procedures regarding the supervision of staff and client engagements,
- changes that have been implemented since the embezzlement scheme was discovered,
- types of client services provided, and
- quality control measures in place to help mitigate future occurrences.

The Board also authorized Board staff to issue a Notice of Hearing, if needed.

NEW BUSINESS

CPE Audit Timing

The Board decided to move forward with the 2020 CPE Audit at a reduced sample size of 5% plus those who were pre-selected for the audit.

Election of Officers

The Board elected the following officers for the 2020-2021 year:

David Vaden, President

Deana Infield, Secretary

Richard Bell, Treasurer

LICENSURE ACTIVITY REPORT

Mr. Corley presented to the Board the Licensing Activity Report.

ADJOURNMENT

A motion was made and seconded to adjourn. The motion passed. The meeting adjourned at 11:47 a.m.