

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
DECEMBER 8, 2017
LANDON 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 attendance were Mr. Helms; T. C. Anderson, Public Member; Denise Denning, CPA; Corlene Lange, CPA; Michael L. Marsh, CPA; Kathryn J. Mitchell, CPA; and Meredith Richey, Public Member. Also in attendance was Susan Somers, Executive Director; Randy Forbes, Disciplinary Counsel to the Board; Darin Conklin, General Counsel to the Board; Natasha Schamberger, Chad Allen and Rita Barnard, on behalf of the Kansas Society of CPAs; and Joyce Schartz and Tammy Pachta, on behalf of the Public Accountants Association.

B. CONSENT CALENDAR:

1-3. The Board reviewed the minutes of the October 27, 2017 meeting; reciprocity certificates/permits to practice; firm registrations; and the November 30, 2017 financials. Ms. Richey moved, and Mr. Marsh seconded to approve the Consent Calendar. Upon a vote, the motion carried.

C. DIVISION OF BUDGET RECOMMENDATIONS: The Board reviewed the division of budget recommendations for FY 2018-2019. No action was required to be taken.

2. CPA EXAM:

A. The Board reviewed the CPA exam score release timeline for 2018. Ms. Somers indicated that there had been change to the January/February 2018 testing window score release timeline in that the Gateway system, which is the national candidate database hosted by NASBA would be down for revisions, so the release date for exam scores for candidates sitting for the exam from January 1 to February 14, 2018 would be February 23, 2018. No action was required to be taken.

B. The Board reviewed the Q2 and Q3 candidate care report. No action was required to be taken.

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. Mr. Anderson moved, and Ms. Mitchell seconded that in the case of firms not timely complying with Peer Review, a "warning" letter will be sent notifying

them that if they do not provide the Peer Review letter of completion or “in process” letter within thirty days from the date of the letter, a Summary Order of Suspension and imposition of a fine will be issued. If the firm complies within the thirty days, no disciplinary action will be taken. If the firm does not comply within the thirty days, the Summary Order of Suspension and Fine will be issued. For those firms who have received a second “warning” letter, should the firm fail to comply a third time, a Summary Order will be issued without a warning letter. Upon a vote, the motion carried. The Board also set the next 2018 due dates for Peer Review letters of completion or additional “in process” letters to be June 2018 and December 2018, unless otherwise warranted. Upon a vote, the motion carried.

B. The Board reviewed a request from Courtney Myers for a waiver of Peer Review pursuant to K.S.A. 1-501. Mr. Myers had moved to Florida and would no longer be practicing in Kansas. Based upon the information provided, Ms. Denning moved, and Ms. Richey seconded to waive the necessity of peer review premised on Mr. Myers representation that he will not perform attest services in the State of Kansas. Upon a vote, the motion carried.

C. The Board reviewed a request from Richard Fortner, of Fortner and Short, LLC for an extension of the firm’s Peer Review due date pursuant to K.S.A. 1-501, from December 31, 2017 to January 31, 2018. Based upon the information provided, Mr. Marsh moved, and Ms. Lange seconded to approve the extension. Upon a vote, the motion carried.

4. HEARINGS AND OTHER DISCIPLINARY MATTERS

A. MANDY ELIZABETH WEEKS, CPA STIPULATION AND CONSENT ORDER: Mr. Marsh, the investigator in this matter, recused himself. Ms. Weeks appeared in person and on behalf of her firm. This matter was before the Board for approval of a Stipulation and Consent Order arising from an investigation and subsequent determination that Ms. Weeks had engaged in the practice of certified public accountancy without holding a valid permit. The terms of the Stipulation and Consent Order required Ms. Weeks to appear before the Board; to pay a fine in the amount of \$250.00; to pay costs pursuant to K.S.A. 1-206, to include attorney’s fees and court reporter fees incurred in the matter; and censure. Ms. Week’s application for permit renewal was granted without condition. After hearing testimony, Mr. Anderson moved, and Ms. Mitchell seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Mr. Marsh not participating.

B. BRYAN KENT SWANK STIPULATON AND CONSENT ORDER: Ms. Mitchell, the investigator in this matter, recused herself. This matter was before the Board for approval of a Stipulation and Consent Order arising from an audit of continuing education credits. An investigation and subsequent determination was made that Mr. Swank had committed fraud, dishonesty or deceit in obtaining a permit to practice (K.S.A. 1-311(a)(1)); failed to maintain the requirements to renew his permit (K.S.A. 1-311(a)(3)); violated a provision of the act or regulation of the Board (K.S.A. 1-311(a)(7)); and engaged in conduct reflecting adversely on his fitness to practice certified public accountancy (K.S.A. 1-311(a)(14)). The terms of the Stipulation and Consent Order required Mr.

Swank to appear before the Board; to pay a fine in the amount of \$250.00; to pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in the matter; to provide proof of completion of 49 hours of acceptable CPE, to include 2 hours of acceptable professional ethics to the Board on or before April 30, 2018; and censure. After hearing testimony, Mr. Marsh moved, and Ms. Denning seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Mitchell not participating.

C. BAS PARTNERS, LLC STIPULATION AND CONSENT ORDER: Ms. Denning, the investigator in this matter, recused herself. This matter was before the Board for approval of a Stipulation and Consent Order denying the firm's application for registration for failure to disclose a disciplinary action taken against an owner of the firm. The terms of the Stipulation and Consent Order required Respondent to appear before the Board by telephone; to reimburse the Board for its attorney's fees and court reporter fees incurred in the matter; and denial of the firm's registration application. After hearing testimony, Mr. Anderson moved, and Mr. Marsh seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Denning not participating.

D. NICHOLAS J. NOVELLY, CPA STIPULATION AND CONSENT ORDER and HEARING ON APPLICATION FOR RENEWAL OF PERMIT TO PRACTICE AS A CPA IN KANSAS: Mr. Marsh, the investigator in this matter, recused himself. This matter was first before the Board for approval of a Stipulation and Consent Order arising from an investigation and subsequent determination that Mr. Novelly had engaged in the practice of certified public accountancy without holding a valid permit. The terms of the Stipulation and Consent Order required Mr. Novelly to appear before the Board; to pay a fine in the amount of \$500.00; and to pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in the matter. After hearing testimony, Ms. Lange moved, and Ms. Richey seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Mr. Marsh not participating.

Thereafter, a hearing commenced on Mr. Novelly's Application for Renewal of Permit to Practice as a CPA in Kansas. Mr. Marsh, the investigator in this matter, recused himself. After hearing testimony, Mr. Anderson moved and Ms. Denning seconded to continue the hearing of this matter to January 19, 2018. Upon a vote, the motion carried, with Mr. Marsh not participating.

E. ROARK AND ASSOCIATES, P.A. STIPULATION AND CONSENT ORDER: Mr. Helms, the investigator in this matter, recused himself with Ms. Mitchell assuming the Chair for purposes of this hearing. This matter was before the Board for approval of a Stipulation and Consent Order arising from an investigation and subsequent determination that Roark and Associates P.A. had failed to notify the Board of a change in firm name and thereafter engaged in the practice of certified public accountancy without being duly registered with the Board, a violation of K.S.A. 1-308; and further, that the Board had learned that the ownership structure of the firm was not in compliance with K.S.A. 1-308(a)(1) and K.S.A. 1-308(a)(5). The terms of the Stipulation and Consent Order required Respondent to appear before the Board; to pay a fine in the amount of \$500.00; to pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court

reporter fees incurred in the matter; and to change its ownership to comply with K.S.A. 1-308. After hearing testimony, Ms. Richey moved, and Ms. Lange seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Mr. Helms not participating.

F. JEFF ALLEN PINKNEY, CPA AND JEFF PINKNEY, CPA, INC. STIPULATION AND CONSENT ORDER: Ms. Denning, the investigative Board member, and Ms. Mitchell recused themselves. Mr. Pinkney and the firm appeared before the Board in person. This matter was before the Board for approval of a Stipulation and Consent Order wherein a determination was made that Respondents were subject to discipline pursuant to K.S.A. 1-311(a)(8) and K.S.A. 1-312(a)(6). The Board went into closed session pursuant to K.S.A. 1-501 to discuss matters relative to the peer review, following which the Board returned to open session. The terms of the Stipulation and Consent Order required Respondents to appear before the Board and to pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in the matter. Further, the Stipulation and Consent Order requires in part that Respondents shall notify the Board upon acceptance of each new attest engagement until further order of the Board; shall undergo a pre-issuance review by a reviewer pre-approved by the Board of all new attest engagements; to submit pre-issuance review findings to the Board in accordance with the terms of the Stipulation and Consent Order; to immediately correct deficiencies identified during the pre-issuance review; and refrain from issuing said attest reports until such time as the pre-issuance review is complete and the deficiencies corrected to the satisfaction of the pre-issuance reviewer, with a written statement of the pre-issuance reviewer's approval of the corrections to be submitted to the Board prior to the issuance of the attest engagement report. Ms. Lange moved and Mr. Marsh seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried with Ms. Denning not participating.

Mr. Anderson then moved, and Mr. Marsh seconded, to issue a Protective Order, pursuant to K.S.A. 1-501(h) prohibiting the disclosure of those portions of the agency record wherein there is a discussion or admission into evidence of the peer review report documents. Upon a vote, the motion carried, with Ms. Denning not participating.

G. WILSON HAAG & CO., PC STIPULATION AND CONSENT ORDER (continued from October meeting): Ms. Mitchell, the investigator in this matter, recused herself. This matter was before the Board for consideration of a Stipulation and Consent Order wherein Respondent was found to have violated a Board Order and thus subject to discipline pursuant to K.S.A. 1-312(a)(7). The terms of the Stipulation and Consent Order required the firm to appear before the Board; pay a fine in the amount of \$500.00; to pay costs in accordance with K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in the matter; and to comply with the terms of the Summary Order issued in Board case number 2016-43. Respondent's application for firm registration was approved upon the acceptance of the Stipulation and Consent Order by the Board. Ms. Denning moved, and Mr. Marsh seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Mitchell not participating.

5. OTHER:

A. Mr. Helms recapped the topics of discussion from the NASBA Annual Meeting, which included technology in the form of blockchain and bitcoin; the Pathway Commission for the furtherance of accounting students to become CPAs; NOCLAR (non-compliance with laws and regulations); Peer Review; CPE Standards; Reorganization Impact Task Force to review the American Institute of Certified Public Accountants (AICPA) creation of the Association of International Certified Public Accountants also (AICPA); and accreditation of colleges and universities.

B. Mr. Conklin, the Board's general counsel, discussed possible changes to the Board's statutes for the upcoming legislative session. After discussion, the Board requested that Mr. Conklin prepare suggested revisions to the following statutes for consideration at the next meeting: Creation of a statute requiring background checks for all new applicants, reinstatements, and for use in investigations; K.S.A. 1-302(b); K.S.A. 1-311; K.S.A. 1-312; K.S.A. 1-308; K.S.A. 1-307; and K.S.A. 1-321.

C. Ms. Mitchell moved, and Mr. Anderson seconded for the Board to go into executive session for fifteen minutes for attorney/client privilege relating to disciplinary policies. Upon a vote, the motion carried. When the Board reconvened, Mr. Anderson moved and Mr. Marsh seconded, for the Board to go back into executive session for five minutes for attorney/client privilege relating to disciplinary policies. Upon a vote, the motion carried. When the Board reconvened, Ms. Lange moved and Ms. Richey seconded for the Board to go back into executive session for five minutes for attorney client privilege relating to disciplinary policies. Upon a vote, the motion carried.

6. ADJOURN

When the Board reconvened its regular meeting, there being no further business to come before the Board, Mr. Anderson moved, and Mr. Marsh seconded to adjourn. Upon a vote, the motion carried.

/s/ Susan L. Somers

Susan L. Somers, Executive Director