

**ACCOUNTANCY BOARD OF OHIO
MINUTES OF FEBRUARY 4, 2011 MEETING**

The Accountancy Board met on February 4, 2011 in Rooms West B and C on the 31st floor of the Vern Riffe Center for Government and the Arts, 77 South High Street, Columbus, Ohio with the following members present: Mark LaPlace, CPA (Acting Chair), Maggie Houston, CPA (Vice Chair), W. Michael Fritz, CPA (Secretary), James Landaker, CPA (Past Chair), Michael Comer, CPA (Member), James Carroll, CPA-Inactive (Member), and Adriana Sfalcin (Public member). Greta Russell, CPA (Chair), and Robert Fay, CPA (Member) were absent.

Representing the Board staff were Ronald Rotaru, Executive Director, and Robert Joseph, CPA, Assistant Director. Board counsel present was John Patterson, Esq., representing the office of the Attorney General.

Present in the audience were Laura Hay, CPA, Chief Operating Officer of the Ohio Society of Certified Public Accountants (OSCPA), Barbara Benton, Vice President for Governmental Affairs of the OSCP, and Joseph Skoda, CPA, representing the Ohio Association of Independent Accountants.

Mr. LaPlace called the meeting to order at 10:03 a.m., and welcomed the guests in the audience and new Board Member Andrea Sfalcin.

APPROVAL OF THE DECEMBER 2010 BOARD MEETING MINUTES

Upon motion by Mr. Landaker, seconded by Mr. Comer, the Board voted to approve the minutes of the December 13-14, 2010 Board meeting. Motion carried 7-0.

REPORT ON PROPOSED RULES

Mr. LaPlace presented the following rule changes for Board consideration:

4701-1-10 (Board committees): Five-year review: Technical changes in (A)(1) to (A)(7). A new finance and audit committee was added.

4701-3-06 (Conditional admission to the CPA examination): Language referring to "windows" was dropped and replaced with "ninety days." In addition, language was added that the notice to schedule is dated on the first day of the window following the date the candidate completes the educational requirements, and that the final transcripts are due no later than four months after the candidate completes the educational requirements.

4701-7-01 (Certificate of certified public accountant): Change made in professional standards and responsibilities course to emphasize the accountancy law and Board rules.

4701-9-02 (General standards): The scope of the rule was extended to include regulated services.

4701-9-03 (Generally accepted auditing standards): Five-year review: Paragraph on international auditing standards added, provided that the other auditing standards in paragraphs (B) and (C) of the rule (PCAOB and GAO) permit their use.

4701-9-04 (Generally accepted accounting principles): Paragraph on international accounting standards added, provided that the other accounting standards in paragraphs (D), (E), and (F) of the rule (FASB, GASB, and FASAB) permit their use.

4701-9-08 (Consulting standards): The valuation services standards were added to the consulting standards rule.

4701-9-09 (Tax services standards): Five-year review: Rule edited to conform to the language in the AICPA tax services standards.

4701-9-10 (Quality control standards): Five-year review: Paragraph on international quality control standards added, provided that the quality control standards in paragraph (B), of the rule (AICPA) permit their use.

4701-11-02 (Confidential client information): Five-year review: Minor change in paragraph (B)(3); "quality review" changed to "peer review."

4701-11-03 (Contingent fees): Five-year review: Minor change in paragraph (B) to conform to AICPA rule.

4701-11-04 (Commissions and referral fees): Five-year review: Paragraph (B) deleted to conform to AICPA rule.

4701-11-07 (Board communications): Five-year review: A clarification is made in paragraph (A) concerning mail not returned to the board.

4701-11-09 (Acts discreditable): Five-year review: Paragraph (D) is revised to indicate that enumerated acts 1-10 in paragraph (C) of the rule are not intended to limit the scope of investigations under section 4701.16(A)(10).

4701-11-10 (Application of ethics rules to non-CPA owners): Five-year review: The rule was clarified to conform to the statute.

4701-13-01 (Fees for registration of public accounting firms; insurance; deadlines): Paragraph added concerning "conditional registration" for firms that have peer reviews "subject to" completion of certain remedial requirements. Late fees apply to these firms in addition to the firms missing the regular renewal deadlines.

4701-15-04 (Measurement of continuing education credit; types of programs): The definition of self-study program is clarified. As the Business Environment and Concepts section of the CPA exam is increasing January 1, 2011 to 3 hours and the Auditing section is decreasing January 1, 2011 to 4 hours, the credit range assigned for completion of major professional exams is changed from 25-45 to 30-40.

4701-15-10 (Continuing education sponsor registration): The optional renewal period for regular continuing education sponsors was changed from every three years to every year. Professional standards and responsibilities program sponsors are required to register every year.

4701-19-01 (Request for formal hearing): Five-year review: The rule is split into two paragraphs.

4701-19-02 (Complaints and investigations): Five-year review: Paragraph (B) is redundant with paragraph (B) of rule 4701-19-01 so it was deleted.

Upon motion by Mr. Landaker, seconded by Mr. Comer, the Board voted to approve the rules for filing. Motion carried 7-0

INFORMATION REPORTS AND UPDATES

NASBA REPORT

Mr. Rotaru said that the NASBA Executive Directors Conference would be held in San Diego March 6-9, 2011, and that Mr. Joseph and he would be in attendance. He added that Mr. Patterson would attend the concurrent Legal Counsel Conference at the same location.

LICENSE RENEWAL REPORT

Mr. Joseph said that the final license totals indicated that 97.2 per cent of the CPAs and PAs renewed their licenses via the Internet. A total of 1,646 licensees did not renew by the December 31, 2010 deadline.

INVESTIGATIONS REPORT

Mr. Joseph noted that 1,288 licensees were selected for continuing education verification, and that notices would be mailed February 7, 2011.

EDUCATION ASSISTANCE PROGRAM REPORT

Mr. Joseph noted that a total of \$149,433.40 was paid so far in fiscal year 2011, and that there was a total of \$768,214.96 in commitments outstanding. He added that a mass e-mailing to all college accounting department chairs and faculty would be sent later in February but noted that some college students had already sent inquiries to the Board as a result of prompting from the college professors. He concluded by stating that the projected payments for the fiscal year would be very close to the Board's appropriation limit of \$200,000.

OLD BUSINESS

NEW BOARD WEBSITE

Mr. Joseph said that the new Board website would go live before the next Board meeting, and added that he would like to have a test site up by the Executive Directors Conference meeting in March.

Note: The new Board website was put into production at 10:00 a.m. on March 22, 2011.

NEW BUSINESS

NASBA VICE CHAIR NOMINATION

Mr. Rotaru said that he would research the various candidates for NASBA vice Chair and welcomed input from all Board members.

Mr. LaPlace added that an Ohio representative has not been the NASBA Chair for quite some time, and remarked that the Board members should consider advancing an Ohio candidate for that position.

REQUESTS FOR WAIVER OF LATE FILING FEES

MARY GREULICH

Ms. Grulich requested a waiver of the \$300 late fee applicable to the late renewal of her Ohio permit because she did not update her address with the Board.

JAMES HOUCHEN

Mr. Houchen requested a waiver of the \$1,250 late fee applicable to the late renewal of his Ohio permit because of health problems that he experienced. He included a letter from his optometrist in support of his request.

JIANWEI LI

Ms. Li requested a waiver of the \$300 late fee applicable to the late renewal of her Ohio permit due to health problems.

DONNA LYNN HARRIS

Ms. Harris requested a waiver of the \$50 late fee applicable to the late renewal of her Ohio permit because she was unemployed for one year.

DOUGLAS LYNCH

Mr. Lynch requested a waiver of the \$1,250 late fee applicable to the late renewal of his Ohio permit because he was not aware that his license expired on December 31, 2008.

BETH SCHUMACHER

Ms. Schumacher requested a waiver of the \$50 late fee applicable to the late renewal of her Ohio registration because she discovered she did not finish her online renewal in the fall of 2010.

FORMAL HEARING: ELIZABETH ANNE SMITH

Mr. LaPlace opened a disciplinary hearing at 10:53 a.m. pursuant to Chapter 119 of the Revised Code. Elizabeth Anne Smith was charged with a violation of section 4701.16(A)(4) of the Ohio Revised Code, pertaining to Ms. Smith's failure to return client records after a client request was made, and failure to respond to Board communications in a timely manner. Ms. Smith did not request a hearing in a timely manner, and she was not present at the hearing.

Mr. Patterson called Mr. Rotaru as a witness, and asked that he be sworn in. Mr. Rotaru took the oath. Mr. Patterson reviewed documents in State's Exhibit A with Mr. Rotaru, consisting of documents showing Ms. Smith's failure to comply with the relevant provisions of the Ohio Revised Code, and the notices from the Board regarding the hearing.

Mr. Patterson called Ms. Ottavi as a witness, and asked that she be sworn in. Ms. Ottavi took the oath. Mr. Patterson reviewed investigative documents in State's Exhibit A with Ms. Ottavi, and Ms. Ottavi noted that she personally served a cease and desist notice to Ms. Smith at her business address on October 6, 2010 and spoke to Ms. Smith about the contents of the Board's letter. Mr. Patterson added that this business address was the same address as that to which Ms. Smith's notice of opportunity for hearing and hearing scheduling letter were mailed by the Board.

Mr. Patterson said that the Board has jurisdiction to act in this matter, and asked for the admission of State's Exhibit A without objection. Mr. LaPlace accepted the exhibit.

Mr. LaPlace concluded the hearing.

EXECUTIVE SESSION

Upon motion by Mr. Carroll, seconded by Mr. Fritz, the Board voted to recess into executive session to discuss the requests for waiver of late fees and confidential investigative case with Mr.

Patterson. Motion carried 7-0 on a roll call vote. After discussion, the Board voted to return to general session.

BOARD DECISIONS

LATE FEE WAIVER APPEALS

Upon motion by Mr. Fritz, seconded by Mr. Comer, the Board voted to deny the appeals of the following licensees for waiver of the late filing fee:

- Mary Greulich
- James Houchen
- Jianwei Li
- Donna Lynn Harris
- Douglas Lynch
- Beth Schumacher

Motion carried 7-0 on a roll call vote.

DISCIPLINARY HEARING: ELIZABETH ANNE SMITH

Upon motion by Mr. Fritz, seconded by Mr. Landaker, the Board voted to revoke the CPA certificate of Elizabeth Anne Smith. Motion carried 7-0 on a roll call vote.

ADJOURNMENT

Upon motion by Mr. Comer, seconded by Mr. Carroll, the Board agreed to adjourn the meeting. Motion carried 7-0.

MARK LAPLACE
ACTING CHAIR

W. MICHAEL FRITZ
SECRETARY