

Connecticut State Board of Accountancy  
July 1, 2003  
Minutes

Chairman Reynolds called the meeting to order at 9:30 A.M. in the second floor conference room in the Office of the Secretary of the State, 30 Trinity St. Hartford CT.

Present :

Thomas F. Reynolds, CPA, Chairman  
Richard P. Bond  
James Ciarcia  
Philip J. DeCaprio Jr., CPA  
Leonard M. Romaniello, Jr., CPA  
Michael Weinschel, CPA

David L. Guay, Executive Director  
Stephanie Sheff  
Kay Han  
Frank Qi

Cathy Landau-Painter, Director, State Government Affairs, KPMG  
Patricia Poli, CPA, Treasurer, Connecticut Society of Certified Public Accountants  
Arthur Renner, Executive Director, Connecticut Society of Certified Public Accountants

Prior to beginning the regular agenda, Chairman Reynolds asked for a moment of silence to recognize the passing of board member James E. Quinn. Chairman Reynolds noted that Jim Quinn was a valuable member of the Board and a friend to the profession and a very accomplished IRS Director. The obituary for Mr. Quinn and funeral arrangement information was provided to the members of the Board. The obituary is as follows:

**James E. Quinn**



James E. Quinn, the longest serving director of the Internal Revenue Service, died peacefully, surrounded by his family, at his home in Middle Haddam, on Saturday (June 28, 2003). He was 76. Mr. Quinn was born in Pittston, PA on Jan. 14, 1927, the son of the late John J. and Katherine (Healy) Quinn. He joined the U.S. Army in 1944, serving in the Philippines, and was honorably discharged in 1945 as a result of a disability incurred during his service. Upon leaving the service, he earned his Bachelor's degree in Accounting from Seton Hall University and completed graduate work at the University of Michigan. Mr. Quinn joined the IRS in 1951 as Deputy Tax Collector in Newark, NJ and ascended to the highest ranks of civil service during his 44 year tenure before retiring as the Hartford District Director in 1995. His long

career was distinguished by many awards and commendations. In 1979 he was recognized by the Governor's Committee on the Employment of the Handicapped. On two occasions he received the Commissioner's Award, the highest honor given by the IRS. He was appointed to the Governor's Board of Accountancy, and was selected as Honorary Captain of the Governor's Footguard. In 1984, Mr. Quinn received Presidential Rank Award for Meritorious Service in Washington, D.C. He attributed much of his success to the dedication and talent of those with whom he worked. "We have been creative and innovative. I selected good people, let them do their jobs, and supported them," Mr. Quinn said upon his retirement. He oversaw sweeping changes at the IRS, especially in his last ten years when advances in technology revolutionized the administration of tax policy. While recognizing the value of talent, creativity, and technology, his strong work ethic was grounded in practicality and realism. Born in a Pennsylvania coal-mining town, and growing up in the Ironbound section of Newark, NJ, he sought success from an early age. "Very few people are born with a special gift. Most of us accomplish things through hard work," Mr. Quinn said. In 1951 Mr. Quinn married Jane Scudder of Lake Mohawk, NJ and together they raised ten children. As he moved up the ranks at the IRS, he and his growing family moved often. They had lived in Middletown, NJ, Bucks County, PA, Richmond, VA, Albuquerque, NM, Pittsburgh, PA and Wilmington, DE before finally settling in Middle Haddam, in 1980. He viewed the frequent moves with optimism and gratitude. "It presented a lot of opportunities and I took advantage of them. As a result, my family has had the opportunity to live all over the country." Mr. Quinn's dedication to service extended beyond civil service. He was a devoted and active member of St. Patrick Church, in East Hampton. He served for eight years as a Trustee of the Church, sat on its Board of Finance, Pastoral Council, Renovation Committee and on the Belltown council of the Knights of Columbus. Father Charles LeBlanc, the Pastor at St. Patrick's said of Mr. Quinn, "His leadership, wisdom, financial guidance and pastoral love for his Church were clearly evident in his service." In spite of severe physical challenges resulting from his wartime disability, Mr. Quinn enjoyed a long and successful career and a large and loving family. "Would I do it all again, the same path, the same career, the same moves? Absolutely, yes." Mr. Quinn said at his retirement in 1995. Mr. Quinn is survived by his wife, Jane, and his children, John Mark, Kathleen, Colleen, Erin, Tim, Chris, Tara, Kerry, Jeff and Shannon. He is remembered by his children's spouses, Gaye Quinn, William MacDermott, Smeraldo Torchia, Richard Muehlmann, Mary Nakamura, Tayne Quinn, Gregg Galardi, Matthew Gray, Minako Iwamura, and Michael Lyman. He is also survived by his brother, John; and his sister, Jeanine; 18 grandchildren; and a great-grandson. Calling hours will be held on Wednesday, July 2, from 2-4 and 7-9 p.m. at Spencer Funeral Home, 112 Main Street, East Hampton. A funeral liturgy will be celebrated Thursday, July 3, at 10 a.m. at St. Patrick Church, East Hampton. Burial will follow in the family plot in St. Patrick Cemetery.



Chairman Reynolds directed the Board to the licensing docket. Motion made by Michael Weinshel and seconded Leonard Romaniello to approve the initial certificate applications and the initial and reinstatement applications for registrations and licenses, all voted in favor. The certificates, registrations and licenses approved at the July 1, 2003 meeting are incorporated into these minutes by attachment.

Motion made by Philip DeCaprio and seconded by James Ciarcia to approve initial and reinstatement applications for firm permits to practice. Chairman Reynolds pointed out that the list includes an application for a firm called “Pension Accounting Services” which was discussed at the last meeting, noting that it appears that all members are satisfied with the applicants credentials. With a motion made and seconded, all voted in favor. The permits approved at the July 1, 2003 meeting are incorporated into these minutes by attachment.

Executive Director Guay explained that due to the short period between the June 10, 2003 Board meeting and this July 1, 2003 Board meeting, coupled with vacation schedules no enforcement actions were scheduled for the July 1, 2003 Board meeting.

Chairman Reynolds asked Executive Director Guay for a docket report for the next meeting and each meeting after that, which would include the date the case was opened, and the current status. Discussion was held concerning the appropriateness of having the name of the respondent on the report. Consensus was reached after discussion to include the name of the respondent on the report.

Chairman Reynolds noted the next item on the agenda; a position on reform and a communication to the Connecticut Law Revision Commission is a continuing discussion. Chairman Reynolds asked what is the current status of the Commission. Executive Director Guay indicated that it was still very much up in the air and would expect to know the status when a budget is passed.

Chairman Reynolds asked Executive Director Guay when they last held a meeting, when the next meeting is scheduled and whether he attended the meetings. Executive Director Guay responded yes, we do track the meetings and have a representative of Board staff attend. Executive Director Guay indicated the last meeting was held in June and that he did not know when the next meeting was scheduled. Executive Director Guay was directed through the Chair to attain and provide the Board members with the minutes of the last Law Revision Commission meeting. Executive Director Guay expressed that he has very little confidence that the Law Revision Commission will continue as a viable alternative for reform.

Executive Director of the Connecticut Society of Certified Public Accountants, Arthur Renner was asked to provide his opinion. He indicated that with the passage of Senate Bill 1035 obviates the need for the law revision study to take place. Executive Director Guay asked to follow-up on Mr. Renner’s point, indicating the Board has a choice to be made, that is, whether it is necessary to continue with a total review of our laws and regulations, regardless of whether the law revision commission continues. Mr. Bond asked who would do the study. Executive Director Guay explained that even if the Law Revision Commission were to continue, they themselves would not be doing the study. The Law Revision Commission would form a study group and it is anticipated that the Board members and staff would play a significant role in that study group. Mr. Bond further queried how we would get a study group of our own off the ground. Executive

Director Guay responded that he assumed a group would be formed with interested parties such as the Society and the public policy questions would be discussed and settled and Attorney Kozik would then be directed to draft legislation to be proposed. Chairman Reynolds expressed that it could be a Herculean task. Mr. Bond responded that he was not suggesting we should take it on, but form a committee and how do you form a committee to perform this evaluation that no one else is doing. Executive Director indicated that simply a motion of the Board is required. Mr. Ciarcia commented on whether this is the appropriate time, with state government in a state of flux, the current passed legislation needs to be signed by the Governor. Adding, staffing concerns are up in the air, just too many open issues at this time. Mr. Ciarcia further added that we should not do anything until these other open issues are resolved. Mr. Ciarcia further asked is there a major need now to delve into this, is there a pending issue that's major. Executive Director Guay stated that Senate Bill 1035 has addressed most major pending issues. Mr. Ciarcia expressed that he would be happy to just table it, push it off to September or October and go from there. Chairman Reynolds expressed his agreement, and commenting that he was looking at this as a conceptual discussion, not one where we try to get this done in the next thirty days, but we should keep it on the agenda. According to Chairman Reynolds, we don't have the Senate Bill passed yet, we don't know what the status of the Law Revision Commission is and we have to let those two matters settle before we do anything, the timing is just not right. Board member Phil DeCaprio further commented that we don't know what is going to be coming out of the PCAOB. Board consensus is to keep this a continuing discussion item.

Michael Weinshel noted the one issue the Board has taken a position on and should start working on it; the issue is mandatory ethics continuing education. Mr. Weinshel noted the Board is on record in support of it, but he is not sure we know what we want at this point, but we want something, and should start a subcommittee or process towards changing regulations in time for the next continuing education reporting deadline. Mr. Weinshel urged the Board to start now. Mr. DeCaprio added that the issue had been on their table for at least three years. Chairman Reynolds asked if the Board had at a prior Board meeting, did the Board approve or did the Board simply discuss moving ahead with an ethics requirement. Mr. Weinshel noted that it had been approved at the March 2003 Board meeting. Chairman Reynolds added that at the NASBA Regional Meeting he noticed that most states have gone ahead and implemented a continuing education ethics requirement. Executive Director Guay asked if a particular model or approach was noted as best practice that could be used here. Mr. Weinshel noted that New Jersey and Florida have approaches, and as a member of NASBA's Ethics Committee he can report that the Committee has taken a position that states should implement a continuing education ethics requirement. Mr. DeCaprio also noted the New Jersey model. Several years ago while performing a Peer Review in New Jersey he became aware of the requirement and came back to this Board and stated it was time. Mr. Weinshel suggested that most states have adopted a course that tests that state's law.

Chairman Reynolds noted that at the NASBA Regional Meeting he had the opportunity to discuss with the Chairman of New York and New Jersey many things and will ask them for suggestions on a continuing education ethics requirement. Mr. Weinshel

suggested that NASBA should have a list of states with the requirement. If material is received prior to the next meeting they will be included in the next Board meeting packet.

Hearing no further discussion on a position on Reform and the Law Revision Commission Chairman Reynolds noted that the Board would keep this issue on the agenda from a conceptual basis and see where the dust settles relative to all the issues surrounding it.

Chairman Reynolds asked Executive Director Guay to update the Board on Senate Bill 1035. Executive Director Guay indicated that the Bill has been sent to the Governor for his signature, a copy has been provided in the packet for the meeting as well as a summary of the bill by Attorney Kozik. Executive Director Guay commented that in the past the Governor's Office has asked the Board prior to signing a bill whether the Board has any objections. Noting that this has not been a consistent practice, the Board may or may not be asked. Chairman Reynolds expressed that he found Attorney Kozik's summary helpful, but did have some questions.

According to Chairman Reynolds the bill seems to be taking what already is in the federal Sarbanes-Oxley Act and reiterating it at the state regulatory level, it doesn't seem to be greatly expanding anything in Sarbanes, or what is the purpose of Senate Bill 1035.

Executive Director Guay characterized it as a strengthening of Connecticut's Law. Mr. DeCaprio added that the entire Act is about white-collar crime, not just CPA's, and does not extend Sarbanes-Oxley to privately held companies.

Mr. Bond noted that SB 1035 expands the membership of the Board by two members. Chairman Reynolds asked what is the purpose of expanding the Board by two. Executive Director Guay indicated that he believes the expansion is a compromise position. Chairman Reynolds further asked what is the advantage of increasing the number of positions by two. Executive Director could not provide an answer. Mr. DeCaprio expressed that there is a perception that we didn't want to happen, that is, what happened in California and we debated around this table what could we do so the public could perceive we were trying to accommodate them in having more public members. According to Mr. DeCaprio because of the technical nature of what CPA's it was important to have a majority of CPA's on the Board. Mr. Weinshel added, that in formulating a response to the Law Revision Commission the discussion on board composition was held in the atmosphere of cutbacks, reduced staff and the possibility of losing our enforcement people and some felt it may be necessary for the Board members to get involved in the actual enforcement and two more Board members would be helpful. Mr. Ciarcia noted that the Governor originally proposed a majority of public members.

Chairman Reynolds solicited a discussion on the process of the Governor signing the bill or vetoing the bill or simply allowing the bill to become law without his signature. Mr. Bond raised the question of, if the Governor asks the Board for its opinion on the bill

before he signs it, is the Board ready to provide an answer. Mr. Ciarcia suggested that if the Board received an inquiry from the Governor on SB 1035, that the Chairman call a special meeting to answer the inquiry, indicating he was not making a motion, but noting what would be common sense and proper.

A motion to approve the minutes of the June 10, 2003 Board meeting was made by James Ciarcia and seconded by Michael Weinshel, all voted in favor, the motion passed, minutes approved.

Executive Director Guay asked Chairman Reynolds for two Board member volunteers to review the May 2003 Exam Grades. Mr. Weinshel and Mr. DeCaprio volunteered.

Executive Director Guay also informed the Board that due to staffing shortages at the Department of Administrative Services, photos for identification badges would not be taken today.

Executive Director Guay presented to the Board a spreadsheet of the fiscal year 2002/2003 Budget and actual expenditure totals per line item. A Spreadsheet showing revenues was also provided. After a short review of the spreadsheets, Executive Director Guay fielded questions from Board members. Mr. Bond requested that Executive Director Guay provide the figures he submitted to the Secretary of the State for the fiscal year 2003/2004.

Chairman Reynolds noted that the national meeting of the National Association of State Boards of Accountancy was coming up and asked if anyone was planning on attending. Mr. Ciarcia noted that without funding, he would not be attending. Executive Director Guay explained that the Board has been operating under an informal policy in which the full expenses for travel out of state for the public members were reimbursed, with the Licensee members receiving less than full reimbursement.

Chairman Reynolds noted that at the recent National Association of State Boards of Accountancy regional meetings he received the State Board profile, which lists the number of individuals regulated, the annual budget for the State Board, and the number of full time staff people. Chairman Reynolds had the budget dollars calculated per regulated person and the number of persons registered per staff person in effort to draw a conclusion or to support the understaffing argument. Unfortunately according to Chairman Reynolds the numbers do not support a conclusion.

Chairman Reynolds reported that he and Mr. Bond would like to visit the Norwalk Prometric Exam site and asked Executive Director Guay to facilitate the visit.

Mr. Romaniello asked the Executive Director about the web site and specifically when it would be updated. Executive Director Guay explained the difficulty of updating is due to staff shortages, but would update the site as soon as possible.

Mr. Bond asked Executive Director Guay whether he had anything to report on the computerization of the Exam. Executive Director Guay indicated that he was unable to work on the computerization of the Exam in the interim between the June and July Board meetings.

Under public comment Arthur Renner, Executive Director, Connecticut Society of Certified Public Accountants introduced Cathy Landau-Painter, Director, State Government Affairs, KPMG.

A motion to adjourn the meeting was made by James Ciarcia, and seconded by Michael Weinshel, all voted in favor. Meeting was adjourned at 10:35 a.m.