

Connecticut State Board of Accountancy  
December 5, 2006  
Minutes

Chairman Reynolds called the meeting to order at 8:30 A.M. via telephone and in the office of the Board, 30 Trinity Street, Hartford and proceeded with a role call.

Present via telephone:

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

Staff Members Present:

David L. Guay, Executive Director  
Rebecca E. Adams, Esquire, Board Counsel

Absent:

Richard Gesseck, CPA

Motion made by Michael Weinshel to accept and approve the Minutes of the November 7, 2006 State Board of Accountancy meeting.

Voting in favor:

Thomas Reynolds  
Richard Bond  
James Ciarcia  
Philip DeCaprio  
Leonard Romaniello  
Richard Sturdevant  
Michael Weinshel

No abstentions and no votes against.

In a review of Board operations Executive Director Guay briefed the Board on the operations of the Board by providing a written summary. Executive Director Guay noted that his focus continues to be renewals.

## **December 5, 2006 Executive Director's Operations Update and Review**

### **Licensing Database**

- Continue to work with Jamie Gamble
- Credit Card Authority approved
- Attended a Department of Information Technology E-Government meeting on November 17, 2006 & met with DOIT representative on November 22, 2006

### **2007 Renewal & 2006 CPE Reporting**

- Renewal forms mailed by November 13, 2006 – processed over 900 as of November 27, 2006
- 9003 Revised total renewals to process (now includes November meeting renewals & PA's)
  - o 4877 Individual licenses
  - o 2399 Registered Certificates
  - o 1727 Firms

### **Certificate award event**

- November 13, 2006 Event a great success again.

### **New Position**

- Formally requested establishment of the position in September
- On October 4, 2006 resubmitted at Department of Administrative Services suggested position grade of Office Assistant (job description attached)
- Current status - waiting for OPM Budget Division approval

### **Business continuity & pandemic planning**

-Have been creating the Gubernatorial directed plan and attending the mandatory meetings

Chairman Reynolds took the opportunity to expand on the item about the Certificate Award event in the Executive Director's report. Chairman Reynolds singled out the efforts of Executive Director Guay and the Connecticut Society of Certified Public Accountants for making the evening a success and especially thanked the Board members who attended.

Executive Director Guay expanded on the item concerning pandemic planning and business continuity planning, explaining that the computer problems of Monday, December 4, and continuing on December 5, are prime examples of how to work around problems that are encountered when the computers are out and communications through the Connecticut Department of Information Technology are out. Chairman Reynolds noted Executive Director Guay's efforts to pull the meeting together including Saturday work and Monday night work from home.

Philip DeCaprio asked at this point if there was any update on the possible appointment to fill the vacant public member position on the Board. Chairman Reynolds had nothing to report and suggested if members know of someone who may be qualified and interested to let him know.

Motion made by Philip DeCaprio and seconded by James Ciarcia to approve the November 7, 2006 list of individual applications for CPA Certificate, Registrations and CPA Licenses, including the application of Andrew Rosman if the proposed settlement is accepted.

Voting in favor:

Thomas Reynolds  
Richard Bond  
James Ciarcia  
Philip DeCaprio  
Leonard Romaniello  
Richard Sturdevant  
Michael Weinshel

No abstentions and no votes against.

Motion made by Leonard Romaniello and seconded by Richard Bond to approve the November 7, 2006 list of Firm Permit to Practice applications.

Voting in favor:

Thomas Reynolds  
Richard Bond  
James Ciarcia  
Philip DeCaprio  
Leonard Romaniello  
Richard Sturdevant  
Michael Weinshel

No abstentions and no votes against.

Chairman Reynolds noted that the agenda continues to lists inspection reports received from the Public Companies Accounting Oversight Board (PCAOB) and are available for Board member inspection and review.

Chairman Reynolds noted that the agenda continues to list Test center Problem Reports. Board members reviewed the report covering the period of November 2006. Richard Bond expressed interest in knowing the percentage of problems for Connecticut Candidates and Michael Weinshel expressed concern about problems with scheduling. Both Chairman Reynolds and Philip DeCaprio expressed concern over the total volume of problems.

## December 5, 2006

### ENFORCEMENT DOCKET BRIEFS

#### A. RECOMMENDING AND REQUESTING DISMISSAL

**1. 2004033-2559 Charles Costello – Substandard audit**

The United States Department of Education forwarded the Board its comments to the firm of Costello and Company regarding an audit that it had performed of Briarwood College programs. The firm supplemented the supporting documentation for some of the conclusion which the Dept. of Education thought should have been included and the audit was completed successfully.

*Attorney Adams Recommended Dismissal - No violation*

**2. 2006045-2945 Lewis Stengel – Negligence**

The complainant, Daniel Cohen, alleged that Mr. Stengel failed to adequately plead his case to the IRS and the DRS when those agencies challenged certain aspects of the complainants 2000 returns. However, the respondent corrected both the DRS and the IRS on their mistaken assertion that particular income had not been properly reported and amended the filings as requested by the agencies. He negotiated away all penalties and interest by demonstrating to the IRS and DRS that they were mistaken. The end result was that the respondent was required to return \$14 of the federal refund and \$9 of the state refund.

*Attorney Adams Recommended Dismissal - No violation*

Motion made by Michael Weinshel and seconded by Philip DeCaprio to dismiss the matters of 2004033-2559 Charles Costello and 2006045-2945 Lewis Stengel.

Voting in favor:

Thomas Reynolds  
Richard Bond  
James Ciarcia  
Philip DeCaprio  
Leonard Romaniello  
Richard Sturdevant  
Michael Weinshel

No abstentions and no votes against.

#### B. REQUESTING SETTLEMENT APPROVAL

**1. Andrew Rosman– Late Registration of New York Certificate.**

The Licensee has a valid and current New York State CPA Certificate. He registered that Certificate with the Board in October of 2006 but had used the CPA designation in a limited manner prior to that date.

*Attorney Adams Requested settlement approval for payment of \$100 and current registration (already received).*

**2. 2004286-2802 Boldnick & Snow, LLP – Failure to provide Quality Review reports**

This firm was one of the 35 firms for which the Board authorized Compliance Meetings and Settlement Agreements earlier this year, based upon failure to undergo and report Quality Reviews for years dating

back as early as 2000. The alleged violation in this case was failure to undergo QR in 2001. In response to correspondence from Legal Counsel, the firm forwarded copies of Quality Review reports for 2001 and 2004 as well as the correspondence from the AICPA confirming acceptance of those reports in the appropriate years. A violation can only be sustained for failure to send the reports to the Board on time. *Attorney Adams Requested settlement approval for payment of \$250 and copies of the reports (already received).*

Motion made by Michael Weinschel and seconded by Richard Bond to accept and approve the settlements in the matters of Andrew Rosman and 2004286-2802 Boldnick & Snow, LLP.

Voting in favor:

Thomas Reynolds  
Richard Bond  
James Ciarcia  
Philip DeCaprio  
Leonard Romaniello  
Richard Sturdevant  
Michael Weinschel

No abstentions and no votes against.

Chairman Reynolds turned to Executive Director Guay for opening comments on the agenda item concerning the Experience Regulations. Executive Director Guay noting that the meeting was being held by conference call suggested deferring discussion until the January meeting. By consensus the Board directed Executive Director Guay to provide the members for the January 2007 with a draft or bullets of the concepts he would like considered.

Chairman Reynolds turned to Attorney Adams to review the draft Public Accountant Regulations. Attorney Adams reviewed the draft with the members. Philip DeCaprio asked if an application form had been developed, with Attorney Adams stating not yet. Chairman Reynolds provided suggested changes and additions in language.

**PROPOSED REGULATIONS FOR COVERSION FROM PA TO CPA**

Pursuant to Public Act 2006-31, the Regulations of Connecticut State Agencies are amended by adding sections 20-280-28 to 20-280-29, inclusive, as follows:

**(NEW) Section 20-280-28. Conversion of Public Accountant Certificate to Certified Public Accountant Certificate**

(1) The Board shall issue a Certificate granting the designation of Certified Public Accountant (CPA) to an individual who is currently licensed or has been licensed by the Board as a Public Accountant (PA) who files an application with the Board for the conversion of the PA certificate to a CPA certificate on a form supplied by the Board.

(2) Upon Board approval of the application for conversion from a PA certificate to a CPA certificate, the licensee must cease to utilize the designation "PA" in all forms and is limited to utilizing the designation "CPA" only as permitted pursuant to 20-281g of the Connecticut General Statutes and Section 20-280-20 of the Regulations of Connecticut State Agencies.

(3) Prior to any use of the title CPA, in any form or manner, a PA who has been granted a CPA Certificate must register said Certificate with the Board.

(4) Prior to the practice of Certified Public Accountancy and the use of the title CPA in the practice of public accountancy, as defined in Section 20-280-15b (8) of the Regulations of Connecticut State Agencies, a PA who has been granted a CPA Certificate under this section must obtain a CPA license, pursuant to Chapter 389 of the Connecticut General Statutes.

**(NEW) Section 20-280-29. Conversion of Public Accountant Certificate and License to Certified Public Accountant Certificate and License**

(1) The Board may issue the Certificate and License to practice as a Certified Public Accountant (CPA) to an individual licensed as a Public Accountant (PA) by the Board who meets all of the following requirements:

(a) The PA files an application with the Board for the conversion of the PA Certificate and license to a CPA Certificate and license;

(b) At the time of application for conversion of the PA Certificate and license, the PA holds a current PA license issued by the Board;

(c) At the time of application for conversion of the PA Certificate to a CPA Certificate and license, any public accounting firm that employs the PA or in which the PA has an interest holds a current firm permit issued by the Board, and meets the quality review requirements of Section 20-281 of the Connecticut General Statutes and Section 20-281 of the Regulations of Connecticut State Agencies.

(d) The PA has completed all continuing education hours required pursuant to Section 20-281d of the Connecticut General Statutes and Sections 20-280-26 through 20-280-27 of the Regulations of Connecticut State Agencies.

(2) Upon Board approval of the application for conversion from a PA certificate and license to a CPA certificate and license, the licensee must cease to utilize the designation "PA" in all forms of practice and is limited to utilizing the designation "CPA" in all forms of practice only as permitted pursuant to 20-281g of the Connecticut General Statutes and Section 20-280-20 of the Regulations of Connecticut State Agencies.

**STATEMENT OF PURPOSE:**

The purpose of the Regulation is to set forth the process through which previous holders of Public Accountant License may convert their PA Licenses to Certified Public Accountant Certificates and holders of Current PA Licenses may simultaneously convert their PA Licenses to CPA Licenses.

For the agenda item about possible legislation Chairman Reynolds invited comment from either Arthur Renner, Executive Director of the Connecticut Society of CPA's or Alan Clavette, President of the Connecticut Society of CPA's. President Clavette of the Society informed the Board that the Society's Board of Governor's voted to reintroduce legislation in 2007 to allow CPA candidates to take the CPA Exam with a bachelor's degree and 120 hours of education and require 150-hours of education for Certification.

President Clavette reviewed the reasons for seeking passage of the proposed legislation, including especially the declining numbers in new Connecticut CPA's. President Clavette further noted that the Society's support is contingent on the results of an ongoing survey by UCONN Professor Rosman. The survey is expected to be completed in early January.

The Board by consensus agreed to discuss the matter further and vote on whether to support or oppose the legislation at the January 2007 Board meeting.

Further discussion concerned the date of the January 2007 Board meeting, with the Board by consensus adjusting the date to Thursday, January 4, 2007.

The next item on the agenda, approval of a draft NASBA Focus Question response was raised to the Board's attention by Chairman Reynolds. The Board approved the draft response with one change by consensus. Question one asks about international reciprocity, Chairman Reynolds asked that the issue of international reciprocity be placed on the Board's long term agenda list.

## REGIONAL DIRECTORS' FOCUS QUESTIONS

*The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next board meeting to allow for sufficient time for discussion. Please send your board's responses to your Regional Director by December 21, 2006. Use additional sheets for your responses if needed.*

**JURISDICTION** Connecticut **DATE** December 5, 2006

**NAME OF PERSON SUBMITTING FORM** David Guay

**1. Mutual recognition agreements (MRAs) have been developed by the NASBA/AICPA International Qualifications Appraisal Board (IQAB) covering professionals from CPA Australia, Institute of Chartered Accountants in Australia, Institute of Chartered Accountants in Ireland, Canadian Institute of Chartered Accountants and the Instituto Mexicano de Contadores Publicos.**

**(a) Which of these agreements has your board adopted?**

None

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**(b) Are there additional international designations your board would like IQAB to consider for an MRA?**

No

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**2. Does your board consider a no-admission of guilt consent settlement with a governmental agency (SEC, PCAOB, IRS, etc.) a basis for disciplinary action by your state board? If not, is this something that your board has discussed and/or has an interest in pursuing from a rulemaking standpoint? Please explain with commentary as to any particular barriers in adopting such rules.**

Yes, the jurisdiction "hook" is not the admission of guilt, but the agreed upon penalty. i.e. – suspension from practice, disgorgement, and probation on officer or directorship.

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**3. Does your state accept ethics CPE courses taken in other jurisdictions to meet your state's ethics CPE requirement? If not, what additional documentation or approval does your state require?**

Yes

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**JURISDICTION** Connecticut **DATE** December 5, 2006

**NAME OF PERSON SUBMITTING FORM** David Guay

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**4. (a) If practitioners licensed in another state perform peer reviews in your state, is that considered to be practicing public accounting? Please explain.**

Yes

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**(b) Does your state allow peer reviewers CPE credit for conducting a peer review?**

No

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**5. What is happening in your jurisdiction that is important for other state boards and NASBA to know?**

- (1) [CT is converting remaining Public Accountants to CPAs.](#)
- (2) [120 hours of Education and degree to sit for the exam and 150 hours of Education for Certification Legislation being proposed for second time in two years by the CT Society of CPA's.](#)
- (3) [Connecticut is urging other Board's to change the CPA Exam conditional passing period from 18 to 24 months and urging that the CPA Exam be offered in December and June.](#)

**6. NASBA's Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.**

- Input only from Board Chair
  - Input only from Executive Director
  - Input only from Board Chair and Executive Director
  - Input from all Board Members and Executive Director
  - Input from some Board Members and Executive Director
  - Input from all Board Members
  - Input from some Board Members
- Other (please explain):

Chairman Reynolds noted and congratulated Michael Weinschel and his wife about the article in the NASBA Annual report.

Under public comment Arthur Renner, Executive Director of the Connecticut Society of CPA's commented about Governance change in the Society.

A motion to adjourn the meeting was moved by Richard Sturdevant and seconded by Richard Bond, all voted in favor. The meeting was adjourned at 9:45 A.M.