

Connecticut State Board of Accountancy
June 2, 2009
Minutes

Chairman Reynolds called the meeting to order at 8:37 A.M. in the conference room, Cyrenius H. booth Library, 25 Main St., Newtown, CT. 06470

Present:

Thomas F. Reynolds, CPA, Chairman
Richard P. Bond
James S. Ciarcia
Richard H. Gesseck, CPA
Leonard M. Romaniello, Jr., CPA, CITP, MST
Richard L. Sturdevant
Martha S. Triplett, Esq.
Michael Weinshel, CPA

Staff Members Present:

David L. Guay, Executive Director
Rebecca E. Adams, Esq.

Absent:

Philip J. DeCaprio, Jr., CPA, CrFA, CVA, ABV

A motion was made by Michael Weinshel and seconded by Richard Sturdevant to approve the minutes of the May 5, 2009 Board Meeting as corrected. All voted in favor; no votes against, Leonard Romaniello abstained, Richard Bond, James Ciarcia and Martha Triplett did not vote as they had not yet arrived at the meeting.

The Board reviewed the Executive Director's Operations Update and Review. Executive Director Guay responded to questions concerning the Board's status via the proposed budgets and questions concerning Information Technology issues currently occurring and the Executive Director's plans for Information Technology. In discussion concerning the budget and the current Legislative session discussion included a comment from Arthur Renner; Executive Director of the Connecticut Society of Certified Public Accountants on the Legislature's possible removal of the sales tax exemption for tax services. It was also noted during the discussion of the Executive Director's Operations Update and Review that Board member Michael Weinshel will be attending the National Association of State Boards of Accountancy "NASBA" Regional meeting June 17 – 19, 2009 in Indianapolis, Indiana.

The Board reviewed and noted, for the record, CPA Certificate, Registration, CPA License & Firm Permit applications approved by the Executive Director between May 5, 2009 through June 1, 2009.

The Board noted the agenda item listing PCAOB reports received. Executive Director Guay indicated that two reports were received but failed to list them on the agenda.

A motion was made by James Ciarcia and seconded by Martha Triplett to approve Mr. James A. Lagana's application for a Firm Permit to Practice using the name 'Accounting & Auditing Services, Inc.' all voted in favor; no votes against and no abstentions.

The Board briefly discussed the pending and proposed Experience Regulations that are currently before the Attorney General for approval before submission to the Legislature.

A motion was made by James Ciarcia and seconded by Richard Gesseck to add to the agenda the request by CPA Exam Candidate Raymond G. Ferranti Jr. for extension of conditional passing credit, all voted in favor, no votes against and no abstentions.

A motion was made by Michael Weinshel and seconded by James Ciarcia to grant CPA Exam Candidate Raymond G. Ferranti, Jr.'s request to extend his conditional passing for both the BEC and AUD sections of the exam until September 30, 2009, all voted in favor, no votes against and no abstentions.

The Board took up the request by CPA Examination Services, tabled from the May 5, 2009 meeting, to provide guidance on the acceptability of CPA exam prep courses and bookkeeping courses offered and taken at accredited institutions as accounting courses in order satisfy the requirements to sit for the CPA Examination. After discussion a motion was made by James Ciarcia and seconded by Leonard Romaniello to accept the courses as meeting the requirement in Section 20-280-22 of the Regulations of State Agencies, all voted in favor, not votes against and no abstentions.

Under other business Michael Weinshel informed the Board that he expects a new Statements on Standards and Review Services "SSARS" on independence when performing a review. Also under other business, Chairman Reynolds recounted a conversation he had with a New Jersey Board of Accountancy member on reciprocity.

At 10:10 A.M. the Board recessed by consensus for a break.

At 10:30 A.M. Chairman Reynolds called the Board back to order. At this time Board member Richard Gesseck left the meeting.

PUBLIC SESSION
ENFORCEMENT AGENDA
JUNE 2, 2009

A. REQUESTING SETTLEMENT APPROVAL

2009020-3191 Lucci - failure to renew

Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008

2009046-3220 Dejesus - failure to renew

Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008

2009048-3222 Bugg - failure to renew

Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008

2009054-3228 Richards - failure to renew

Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008

2009055-3229 Zeldis - failure to renew

Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008

2009056-3230 Zeldis - failure to renew firm permit

Request settlement approval for \$100 penalty and lapse in permit.

2009058-3232 Freed Maxick & Battaglia CPAs PC - failure to renew firm

Request settlement approval for \$100 penalty and lapse in permit.

2009060-3234 Miller Moriarty & Company LLC -failure to renew firm

Request settlement approval for \$100 penalty and lapse in permit.

2009066-3240 Van Gessel -failure to renew

Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008

2009067-3241 Kilgore -failure to renew

\$250 penalty, lapse in license, and CPE earned by June 30, 2008

Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008

2009069-3243 Burke failure to renew

Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008.

2009045-3219 Sharif - reinstatement of individual license and firm permit

Request settlement approval for \$350 penalty, lapse in license, and CPE earned by June 30, 2008.

Motion made by Leonard Romaniello and seconded by James Ciarcia to approve the proposed settlements in the following matters:

2009020-3191 Lucci
2009046-3220 Dejesus
2009048-3222 Bugg
2009054-3228 Richards
2009055-3229 Zeldis
2009056-3230 Zeldis
2009058-3232 Freed Maxick & Battaglia CPAs
2009060-3234 Miller Moriarty & Company LLC 2009066-3240 Van Gessel
2009067-3241 Kilgore
2009069-3243 Burke
2009045-3219 Sharif

All voted in favor, no votes against and no abstentions.

2009007-3178 Ramuni and Bushka, LLC -non compliance with qr since 2006

The firm applied to the AICPA for a rescheduling of QR since the were not performing reviews. The AICPA granted the request and rescheduled the review to 2009. The firm did not notify the Board of any of the schedule change ro request a change from the Board.

Request settlement for \$250 penalty

Motion made by Leonard Romaniello and seconded by Richard Bond to approve the settlement in the matter of 2009007-3178 Ramuni and Bushka, LLC, all voted in favor, no votes against and no abstentions.

2009008-3179 DeFilio - failed to report peer review 2006

Mr. DeFilio had an unqualified review in 2006 but did not send a copy of it or the acceptance letter to the Board. Our QR audit in 2008 discovered that he was out of compliance.

Request settlement for \$250 penalty and a copy of the report and letter.

Motion made by Leonard Romaniello and seconded by Martha Triplett to approve the settlement in the matter of 2009008-3179 DeFilio, all voted in favor, no votes against and no abstentions.

Motion made by James Ciarca and seconded by Richard Bond to table the Enforcement Executive Session until the next meeting, all voted in favor, no votes against and no abstentions.

Under public comment Arthur Renner, Executive Director of the Connecticut Society of Certified Public Accountants “CSCPA” provided brief comments concerning the Certificate Awards Ceremony scheduled for Tuesday, June 9, 2009 and brief comments concerning the Society’s efforts concerning fighting the imposition of Sales Tax on accounting services.

Strategic Planning/Retreat

The Board reviewed for a final time the CSCPAs Analysis of Connecticut Accountancy Statutes and Regulations. Chairman Reynolds on behalf of the Board expressed thanks to the Society for their efforts producing the analysis.

The review of the CSCPAs Analysis led to a discussion of the new updated CT Statutes and Regulations provided by the Executive Director. Executive Director Guay and Attorney Adams explained that they had recently performed a complete review of the Regulations to identify any outstanding issues and inconsistencies.

The Board requested what would be the top three priorities and the Executive Director responded with:

Repeal of superseded Regulations
Update of the twenty year old Quality Review Regulations
Review and update the Code of Conduct

The Board directed staff to return with plan and approach to accomplishing the three priorities.

The Board reviewed the Statute and Regulations on return of client records and decided by consensus to leave it as is.

The Board discussed the issue of outsourcing of work by Connecticut CPAs. By consensus the Board determined that they would like staff to develop a regulation proposal to require notice to the client when outsourcing will occur and to require appropriate security of client records that are outsourced.

The Board held a broad discussion on continuing professional education, including a review of what is considered acceptable education. By consensus the Board determined to leave the Regulations as they currently are. The Board further discussed how to approach the proposed audit of continuing professional education. The Board by consensus determined that a review of large firm, in-firm courses is in order and that the documentation required of such courses by the firm be requested. For individuals audited which only have database lists maintained by the firm, the Board will accept the list as support documentation as long as it is attested to and authenticated by an individual in authority at the firm.

The Board discussed the issue of Firm Names, whether and what trade names would be acceptable, when the use of “and Company” and “and Associates” is appropriate. After discussion the Board by consensus decided to propose no changes at this time and to watch and review the reaction and response to a white paper issued by the American Institute of Certified Public Accountants “AICPA”.

The Board recessed by consensus at 12:10 P.M.
Chairman Reynolds called the Board back to order at 1:05 P.M.

The Board discussed the possible use of laptops at meetings and the elimination and reduction of paper materials. After discussion on the lack of a Wi-Fi connection

for the Board it was determined that the use of laptops in the meeting would be of limited value at this time. Three Board members, Chairman Reynolds, Richard Bond and Martha Triplett asked to have meeting materials provided to them, if possible, only by email attachment and to also eliminate the printing of the same materials for the meeting binder.

The Board reviewed the Statute that provides for the receipt of commission and contingent fees. Board member Richard Sturdevant suggested the elimination of these fee provisions. The Board requested that Attorney Adams gather more information on the number of cases related to commission and contingent fees and to gather more information on possible regulations to supplement the Statute.

The Board entertained a proposal by Richard Sturdevant to propose the registration of all tax preparers. Discussion included review of recent public coverage of tax preparer problems from non CPA's and discussion on how the Board is currently where most state complaints end up. Attorney Adams offered that even though the Board lacks current jurisdiction we currently do what we can to help. Discussion was also conducted concerning whether the Board should be the place to register and or regulate tax preparers. By consensus the Board decided to invite representatives from the Internal Revenue Service and the Connecticut Department of Revenue Services to join in the discussion.

Motion made by Michael Weinshel and seconded by Leonard Romaniello to add to the agenda the nomination of Board member James Ciarcia as an alternate to the National Association of State Boards of Accountancy "NASBA" Nominating Committee. All voted in favor, no votes against and no abstentions.

Motion made by Michael Weinshel and seconded by Leonard Romaniello to nominate James Ciarcia as an alternate to the National Association of State Boards of Accountancy "NASBA" Nominating Committee. All voted in favor, no votes against and no abstentions.

As the last matter of the day Leonard Romaniello raised the issue and possibility of requiring Registered CPA Certificate holders to gather and report continuing professional education. After discussion the Board by consensus decided to take no action on the matter.

Motion made by Michael Weinshel and seconded by Richard Bond to adjourn the June 2, 2009 Board Meeting of the Connecticut State Board of Accountancy at 2:26 P.M. All voted in favor; no votes against and no abstentions.