

State of Rhode Island and Providence Plantations

BOARD OF ACCOUNTANCY

1511 Pontiac Avenue, Bldg. 68-2

Cranston, Rhode Island 02920

MEETING MINUTES

DATE: April 21, 2015

PLACE: Department of Business Regulation (DBR)

1511 Pontiac Avenue, Bldg 68-1 Conference Room

Cranston, RI 02920

MEMBERS PRESENT: Chair Mary F. Bernard, Secretary Kevin Fountain, and Member Kevin P. Tracy

MEMBERS ABSENT: Vice-Chair David Platt and Treasurer George Tashjian

OTHERS PRESENT: Jenna Algee, Esq., DBR Legal Counsel (Present from 1:41 p.m. – 1:47 p.m.)

Dawne Broadfield, Administrative Support Specialist

(1) Call to Order – Chair Bernard called the meeting to order at 1:41 p.m.

(2) Meeting Minutes (Review/Discuss/Take Action)

1. Acceptance of the March 17, 2015 Open Session Meeting Minutes

Member Tracy moved to approve the open meeting minutes of March 17, 2015 as published. Secretary Fountain seconded. Motion passed, 3-0, three (3) in favor, two (2) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Member Kevin P. Tracy. Vice-Chair David Platt and Treasurer George Tashjian were absent from this vote.

2. Acceptance of the March 17, 2015 Executive Session Meeting Minutes

Member Tracy moved to approve the executive meeting minutes of March 17, 2015 as published. Secretary Fountain seconded. Motion passed, 3-0, three (3) in favor, two (2) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Member Kevin P. Tracy. Vice-Chair David Platt and Treasurer George Tashjian were absent from this vote.

(3) National Association of State Boards of Accountancy (NASBA) matters – (Review/Discuss/Take Action)

Information was sent from NASBA and forwarded to all Board members prior to the meeting to include the following:

a. NASBA – Amendment to CPAES fee change between NASBA and the Board. This involves the fees charged to the Examination Candidates. This is an amendment to a 2004 document to change fees. – Upon review by the Board’s Legal Counsel, Chair Bernard

signed the “amendment”, and it will be sent to NASBA.

b. NASBA – Northeast Peer Review Oversight Committee – Discussion occurred. Massachusetts and Connecticut do their own “Peer Reviews.” New Hampshire is going under Massachusetts. Chair Bernard will respond to Daniel J. Dustin, CPA, Vice President, NASBA State Board Relations, that the Rhode Island Board will continue to monitor the New England Peer Review (NEPR) and the New England States.

c. NASBA - Seeking Nominating Committee Representatives for Northeast, etc. – None

d. NASBA - Call for Nominations for the Board of Directors – None

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e. NASBA - Wall Certificate and Pocket License Service – The Board requested that NASBA provide Wall Certificate and Pocket License Service for their licenses. NASBA provided the Board with samples based on the information that was provided to them by the Board. The Board chose the color of the Wall Certificate that they wanted and will notify NASBA to proceed.

f. NASBA – Committee Interest Form – The deadline is April 29, 2015.

g. NASBA – Eastern Regional Meeting – Baltimore, MD – June 24 - 26, 2015 – An e-mail will be circulated to inquire who will be attending.

(4) American Institute of Certified Public Accountants (AICPA) and Rhode Island Society of Certified Public Accountants (RISCPA) matters – (Review/Discuss/Take Action)

a. Comments from Robert Mancini, Executive Director, (RISCPA) – (1) Status of Internship Opportunity with Roger Williams University. Roger Williams University (RWU) is requesting more content to allow for compensation of the student's credit. The continuing professional education (CPE) audit parameters have to be written in order for the intern to follow. A "job description" drafted by Vice-Chair Platt will be recirculated for finalization. (2) Mr. Mancini notified the Board of a new system that the RISCPA will be using to track CPEs (continuing professional education hours). Currently, RISCPA is using a system through NASBA. RISCPA will be departing from the NASBA CPE tracking system and implementing a new system called "IMARC." Based on the system's capabilities, the RISCPA is looking to interface directly with the Board's e-licensing system. A meeting will be set up with the Department's Information Technology (IT) department and the RISCPA.

(5) Public Company Accounting Oversight Board (PCAOB) – (Review/Discuss/Take Action)

a. Review of Notification(s) Received – None at this time.

(6) Consideration of approval of the following initial applications for certification – (Review/Discuss/Take Action)

Corey Brunelle Stephanie Morse Kimberly Ann Pierce

Member Tracy moved to approve the initial applications for Corey Brunelle, Stephanie Morse, and Kimberly Ann Pierce for certification. Secretary Fountain seconded. Motion passed, 3-0, three (3) in favor, two (2) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Member Kevin P. Tracy. Vice-Chair David Platt and Treasurer George Tashjian were absent from this vote.

(7) Consideration of approval of the following reinstatement applications – (Review/Discuss/Take Action)

Bonnie Brayton Kennedy (2643) Caryn Mitchell (2491)

Stephen Almonte (1050082)

Secretary Fountain moved to approve the reinstatement applications for Bonnie Brayton Kennedy (2643), Caryn Mitchell (2491) and Stephen Almonte(1050082) for certification. Member Tracy seconded. Motion passed, 3-0, three (3) in favor, two (2) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Member Kevin P. Tracy. Vice-Chair David Platt and Treasurer George Tashjian were absent from this vote.

(8) Old Business: (Review/Discuss/Take Action)

a. Development of Board's Newsletter - Mr. Tracy currently working with Tom Kenny, NASBA Communications, about content to be put in the RISCPA newsletter.

b. Regulations Merger – The Board's Regulations are being merged into one (1) document. "Office of Regulatory Reform (ORR)"

approved the document merger. The document was forwarded to the “interested parties,” to include NASBA and RISCPA, and the Board members. The Public Hearing was held on Tuesday, April 21, 2015. Attorney Algee opened the Public Hearing at 1:41 p.m. Robert Mancini, Executive Director, (RISCPA), was present and in support of the Regulations Merger. No other public members were present. Attorney Algee presented suggested language to add to “Professional Obligations.”

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Secretary Fountain moved to approve the addition of the suggested language to add to “Professional Obligations” from Attorney Algee. Member Tracy seconded. Motion passed, 3-0, three (3) in favor, two (2) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Member Kevin P. Tracy. Vice-Chair David Platt and Treasurer George Tashjian were absent from this vote.

Attorney Algee closed the Public Hearing at 1:43 p.m. and will send the suggested addition to “ORR” for review. If approved, the Regulation will be effective twenty (20) days after that date.

c. 2015 Legislation – (1) Attorney Algee updated the Board and noted the legislation that was introduced in relation to the amendment of

the definition of “attest to match the model act adopted by the American Institute of Certified Public Accountants (AICPA) and NASBA; in relation to reciprocity; and in relation to corporations to obtain Practice Units. The elimination of the two (2) year limitation on suspended licenses was not introduced. (2) Attorney Algee presented an e-mail from David E. Preston, Esq., lobbyist for the RISCPA, suggested an amendment to the Board’s legislation to simplify the language in deleting the phrase “financial statement” in §5-3.1-3 (1) and (13) and to add language in (17). The Board approved the suggested amendment.

d. Renewal Applications – Attestations –

- **Certified Public Accountant (CPA) and Public Accountant (PA) - The Continuing Professional Education (CPEs) will no longer be submitted with the renewal application. CPEs will be acknowledge by attestation and will be subject to a random audit.**
- **Practice Unit – The insurance and peer review documents will no longer be submitted with the renewal application. The Practice Unit will acknowledge compliance by attestation and will be subject to a random audit.**

The Board will begin a “Pilot” CPE and Peer Review Audit process and will audit 3% plus those CPAs and Practice Units that were not in compliance in the past renewal period and requested an extension for completion. Prior to implementation, an audit process will be developed for Board approval prior to conducting the audit.

e. Public Accountants (PA) – Eliminating the status

Treasurer Tashjian discussed the history of the PA status. 1976 was the last time that there was a PA status issued by this Board. Treasurer Tashjian suggested that the remaining 12 PAs be grandfathered and issued a Certified Public Accountant (CPA) status. The Massachusetts statute was obtained which is the “Conversion of Public Accountant License to Certified Public Accountant License.” Discussion occurred and a question arose as to how it would affect reciprocity in another state. The discussion was tabled as Treasurer Tashjian was not present.

(9) New Business: (Review/Discuss/Take Action)

a. Survey for completion received from the Tennessee Department of State Audit who is conducting an audit of the Tennessee State Board of Accountancy and reviewing its current practices in licensing and reviewing CPAs and CPA Firms. No comment will be provided.

b. Peter F. Novak – The Board received notification from Peter F. Novak that he will be practicing as a Certified Public Accountant (CPA) in the State of Rhode Island. He is currently registered in the State of New Jersey, which is a substantial equivalent State. – So noted.

c. E.S. Financial Services, Inc. – The Board received notification from E.S. Financial Services, Inc. that they are now engaged with KPMG, LLP, as independent public accountant, effective March 9, 2015. – So noted.

d. Any other new business.

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(10) Next Meeting Date: (Review Discuss/Take Action)

a. The next Board meeting scheduled for Tuesday, May 19, 2015

(11) Executive Session

Secretary Fountain moved to convene into Executive Session at 2:50 p.m. pursuant to RI General Laws §42-46-5(a)(4) for investigative proceedings regarding allegations of civil or criminal misconduct. Member Tracy seconded. Motion passed, 3-0, three (3) in favor, two (2) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Member Kevin P. Tracy. Vice-Chair David Platt and Treasurer George Tashjian were absent from this vote.

Secretary Fountain moved to adjourn from Executive Session and to reconvene to an open meeting at 3:15 p.m. pursuant to RI General Laws §42-46-4. Member Tracy seconded. Motion passed, 3-0, three (3) in favor, two (2) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Member Kevin P. Tracy. Vice-Chair David Platt and Treasurer George Tashjian were absent from this vote.

Secretary Fountain moved to seal the minutes of the executive

session and record the votes taken in Executive Session in accordance with RI General Laws §42-46-4 and §42-46-5. Treasurer Tashjian seconded. Motion passed, 4-0, four (4) in favor, one (1) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy. Vice-Chair David Platt was absent from this vote.

Secretary Fountain moved to record the votes in Executive Session in accordance with RI General Laws §42-46-4 as follows. No votes were taken. Member Tracy seconded. Motion passed, 3-0, three (3) in favor, two (2) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Member Kevin P. Tracy. Vice-Chair David Platt and Treasurer George Tashjian were absent from this vote.

Record of Votes taken in Executive Session:

PENDING MATTERS

- One (1) complaint alleging the person did not complete her taxes properly and that she now owes \$4300 to the IRS. This person is advertising boldly on his signboard at his business location that he is a Certified Public Accountant (CPA). The person's CPA license expires June 30, 1998. The Board will send a letter similar to the letter that was previously sent to the person that is advertising as a CPA citing the law where the Board could take the person to court for holding himself/herself out as a CPA.**

- One (1) CPA license reinstated that was “inactive.” It came to the Board’s attention that the CPA license was previously suspended. The Board requested a written explanation of that suspension and all related documents for Board review. The DBR Attorney told that Board that a search of the Board’s records indicates a decision with no authentication of suspension, since the decision is not signed. The Board tabled this matter until the new rule in the regulations is in effect.

- One (1) complaint alleging that the Certified Public Accountant (CPA) was retained with a \$1000 to help settle back taxes owed after Chapter 7 bankruptcy was filed. The CPA then proceeded to question the Complainants as to whether or not they were current with their 2014 taxes at which time they were not. At that point, the CPA indicated that he could not help them. The Complainants requested a refund of the retainer fee and only got \$500 back. A Board member was assigned to investigate the complaint.

- One (1) matter CAFA notification received pursuant to the Class Action Fairness Act, 28, U.S.C. §1715(b) in inform the Board of a proposed class action settlement involving a Practice Unit. This matter was tabled until a resolution/settlement comes in.

NEW BUSINESS:

• One (1) complaint alleging that the Certified Public Accountant (CPA) completed tax returns for his corporation in September 2014 and advised him that he would then prepare his personal tax returns. Beginning in October 2014, he called the CPA's office requesting copies of his corporate tax returns as well as the completion of his personal tax returns. He called in October, November, December 2014 and January and February 2015. His attorney dropped by his office and left a card requesting a telephone call regarding this matter. In addition his attorney forwarded the attached letter requesting the same information. All these inquiries have been ignored. He noted that he paid for the corporate tax returns as well as for the preparation of his personal taxes. A Board member was assigned to investigate the complaint.

• One (1) complaint in regard to the bill issued by a Certified Public Accountant (CPA) / Practice Unit for their responding to an Internal Revenue Service (IRS) audit due to an error in their initial reporting on end of year federal tax filings. Complainant attempted to resolve the problem to no avail. A Board member was assigned to investigate the complaint.

OLD MATTERS:

• One (1) CPA was indicted on sixty-six (66) counts and charged with

stealing identities of the terminally ill and elderly. The CPA plead guilty to two (2) of the charges. This matter was tabled for an update from Attorney Balasco. The DBR Attorney will inquire as to the status and report back to the Board.

(12) Adjournment

Secretary Fountain moved to adjourn at 3:16 p.m. Member Tracy seconded. Motion passed, 3-0, three (3) in favor, two (2) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Member Kevin P. Tracy. Vice-Chair David Platt and Treasurer George Tashjian were absent from this vote.

Respectfully submitted,

Kevin M. Fountain, CPA

Secretary

KMF/dmb

- **Posted on May 19, 2015 electronically on Secretary of State's Office website. Pursuant to the Open Meetings Law, R.I. Gen. Laws Sec. 42-46-6(b), business not included in this notice may be considered with the consent of the majority of the members, and/or may convene into Executive (closed) Session pursuant to R.I. Gen. Laws Sec. 42-46-5.**

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