APPROVED
8/19/04

ACCOUNTING EXAMINING BOARD MEETING
MINUTES
May 6, 2004

PRESENT: Jim Johnson, Roman Jungers II, Frederick Franklin, Karen Bindl, Lucretia Mattson, and Thomas Kilkenny

STAFF PRESENT: Jerry Lowrie, Bureau Director, Steven Gloe, Legal Counsel, Pat Schenck, Program Assistant, Darwin Tichenor, Dr. Barbara Showers, Exam Center and Division of Enforcement Staff

GUESTS: Arland Stone, WAA
LeRoy Schmidt WICPA

CALL TO ORDER

Jim Johnson, Chair, called the meeting to order at 9:00 a.m. A quorum of six members was present.

AGENDA

Addition to Agenda:
Presentation by Patty Hoeft, Division Administrator and Sandra Rowe, DOE

MOTION: Tom Kilkenny moved, seconded by Roman Jungers, to approve the agenda with addition. Motion carried unanimously.

MINUTES – FEBRUARY 5, 2004

Correct last paragraph on page 3 of 10. "While the Board has accepted the WICPA program as meeting the standards for peer review, as part of the discussion, the Board affirmed its intent that firms licensed in Wisconsin that audit the SEC registered clients would be required to participate both in the Peer Review Program and the PCAOB inspection."

Correct PCAOB on line 4, last paragraph on page 3 of 10.

MOTION: Roman Jungers moved, seconded by Tom Kilkenny, to approve the minutes of February 5, 2004 as amended. Motion carried unanimously.

INTRODUCTION OF NEW BOARD MEMBERS

Mr. Johnson introduced the two new Board members. Introductions went around the table with each Board member and staff person giving a brief history on their background.

The Board is concerned about the length of time it is taking to have a second public member appointed to the Accounting Examining Board. Mr. Lowrie reported that all the Boards in the Department are having problems filling the public member vacancies on the Boards.

Steven Gloe introduced himself as the legal counsel for the Board in Ruby Jefferson-Moore's absence.

Sandra Rowe, Division Administrator for the Division of Enforcement and Acting Deputy Secretary introduced herself to the Board.

RECOGNITION OF RETIRING BOARD MEMBERS

The Board expressed their appreciation for the contributions, efforts, hard work, length of service that Sharon Hamilton and Frank Probst have provided to the Accounting Board during their terms as members.

MOTION: Jim Johnson moved, seconded by Roman Jungers to acknowledge the service Sharon Hamilton and Frank Probst have contributed to the Accounting Examining Board. Motion Carried Unanimously.

Mr. Kilkenny expressed his appreciation for the service Mr. Probst and Ms. Hamilton had provided to the Board and how they consistently kept the public's interest in mind when discussing issues. They were excellent examples to follow for new members coming onto the Board. Mr. Probst was very active in regular attendance at national meetings sometimes at his own expense when the Department did not have the funds to send him.

ADMINISTRATIVE REPORT, JERRY LOWRIE

Mr. Lowrie reported that Deputy Mary Schlaefer has taken a position at the Department of Natural Resources at the request of the Governor and that Sandra Rowe is currently the Acting Deputy Secretary.

PRESENTATION BY BOARD SERVICES AND DIVISION OF ENFORCEMENT PATTY HOEFT AND SUSAN ROWE

Diane Miller IT, presented an overview of the Departments new website http://drl.wi.gov.

Deputy Secretary Sandra Rowe, Patricia Hoeft, Division Administrator gave a presentation on efficiency and effectiveness initiatives within the Department and the Division of Enforcement in areas of focus for each Division, purpose, challenges with limited staff, new rule making steps, complaint intake challenges, screening complaints, monitoring, and recommendations for improvements.

Deputy Secretary Sandra Rowe answered questions from the Board regarding Division of Enforcement issues.

BOARD ROSTER

The Board members provided updated addresses and phone numbers.

Application screening change
August 5 - Frederick Franklin
November 4 -Thomas Kilkenny.

2004 MEETING DATES

Change meeting date to August 19, 2004 and delete August 5, 2004

SUMMARY REPORTS ON PENDING COURT CASES, DISCIPLINARY CASES AND ADMINISTRATIVE RULES AND MONTHLY PRESS RELEASE OF DISCIPLINARY ORDERS

Noted.

CHANGES TO DRL BLUE LICENSE FORMAT

Mr. Lowrie reported that starting April 1st the blue renewal license form and the temporary license has been changed to be the bottom third of a full-size sheet of paper. It will have horizontal and vertical perforations to remove it from the rest of the sheet. While the sizing will be a bit different for the bigger part of the license, it will be quite close in shape to what we currently have and the wallet card will be the same size. Advantages are:

1. Licenses printed from regular laser printers.
2. Several security features in the paper the Department is purchasing, including the watermark on the back and some invisible fibers.
3. Ability to print one mailing address at the top of the form and a different physical address on the actual license (This is great for establishments that cannot receive mail at the actual location).
4. Additional sequence numbering allowed above the mailing address, which will help in the machine inserting process at DOA at renewal time.

CHANGES TO ADMINISTRATIVE RULE MAKING PROCEDURES 2003 WISCONSIN ACT 118

Mr. Lowrie reported on the new "Changes to Administrative Rule-Making Procedures Required in 2003 Wisconsin Act 118." These changes will require more research regarding rule-making procedures. Some changes include private sector fiscal estimates, additions to scope statements, additions to draft rule reports and additions to legislative reports.

REGULATORY DIGEST NEWSLETTER ARTICLES

Mr. Lowrie requested articles and subjects from Board members for publication in the Regulatory Digest Newsletter. Some suggestions included:

- Peer review issues.
- Tom Kilkenny will write an article on the Departments website.

- Mr. Johnson will write a message from the Chair, thanking Sharon Hamilton and Frank Probst, and will write an article introducing the new Board members.
- Recap on the new examination from the exam office.
- Questions and answers on how to register for the examination.

A draft of the newsletter should be available at the next meeting in August for the Boards review.

PEER REVIEW ADVISORY COMMITTEE

Jim Johnson reported on the Peer Review Advisory Committee that met on April 1, 2004 to work on the peer review requirement in 2006. The Board reviewed and discussed the minutes from the meeting. Staff with WICPA will be working on the peer review. Mr. Johnson discussed key issues and motions made by the Committee.

MOTION: Roman Jungers moved, seconded by Thomas Kilkenny, that the Board accepts the peer review as defined as follows: if no follow up action is required, acceptance occurs on the date that Report Acceptance Body of the WICPA accepts the report; if follow up action is required, acceptance occurs on the date reviewed firm signs letter acknowledging they will comply with action proposed. WICPA will include license numbers in the information provided required under Accy 9.03(1). The Board recommends that under Accy 9.03(1) that WICPA will provide a list of names, addresses, and license numbers of all firms that have undergone a peer review within the preceding 12 months. After providing the initial information, provide this information on an annual basis. October 31st will be used as the deadline for preparing the list of forms to the Board annually on December 1st to be supplemented by a later report for November or December Motion carried unanimously.

MOTION: Roman Jungers moved, seconded by Lucretia Mattson, that there be ongoing communications with all active firm holders regarding the necessity to have a peer review for the renewal of January 1, 2006, that they utilize the Departments web-site for frequently asked questions and the regulatory digest newsletter, that a separate letter be sent to all active firm holders, and that all questions be referenced to the Director of WICPA with the name and telephone number of the responsible person. Motion carried unanimously.

DISCUSSION AND UPDATE OF COMMITTEE

The WICPA has volunteered to receive callers to answer questions regarding peer review. Callers should be directed to WICPA for correct responses to questions, Jessica Murphy at (262) 785-0445 EXT 3025, or LeRoy Schmidt at (262) 785-0445 EXT 3014 leroy@sipa.org. The Committee suggested that a letter with a contact person at WICPA be mailed to all licensees and firms.

RENEWAL-DRL RESPONSIBILITIES
RENEWAL FORM #2348

The Subcommittee and the Department will be reviewing and revising the renewal forms for October 2006. The Department will provide advanced information to the license holders regarding the requirement of peer review by publishing it in the Regulatory Digest Newsletter or adding it to the Departments website.

ACCEPTANCE OF AICPA PROGRAM

The Sub-Committee recommended to the Accounting Examining Board that they make a motion to approve the AICPA Peer Review Program for the State of Wisconsin. The Board will discuss the approval of the AICPA Peer Review Program at next Board meeting.

MOTION: Roman Jungers moved, seconded by Karen Bindl, to direct the Department that there be ongoing communications with all active firm holders regarding the necessity to have a peer review for the renewal of January 1, 2006; that they utilize the Departments web-site for frequently asked questions, the regulatory digest newsletter; and that a separate letter be sent to all active firm holders, and that all questions be referenced to the Director of WICPA with the name and telephone number of the responsible person. Motion Carried Unanimously.

LETTERS TO FIRMS

Mr. Lowrie and Ruby Jefferson-Moore will draft a letter to send only to active firms making it clear as to who will be required to have a peer review. The Board will review this letter upon completion.

AICPA LETTER- NEW STRUCTURE FOR PEER REVIEW FIRMS THAT AUDIT SEC ISSUERS

The Committee will vote upon a new structure for peer review firms that audit SEC issuers at the next meeting.

NASBA
EASTERN REGIONAL MEETING JUNE 23-25, ORLANDO, FL

The Eastern Regional Meeting is for new Board members and new Executives Directors. The meeting is an introduction about NASBA. Prior to the Regional meeting, the first day of the meeting is geared toward new Board member orientation. NASBA has offered a scholarship for expenses. New Board members will have their registration fee waived. Jerry Lowrie will contact NASBA regarding the scholarship.

MOTION: Tom Kilkenny moved, seconded by Roman Jungers, to nominate Lucretia Matson and Karen J. Bindl to attend the Eastern Regional Meeting June 23-25,

Orlando, Fl. and that the Department attempt to get costs covered by NASBA. Motion carried unanimously.

NOMINATION OF JAMES W. GOAD FOR NASBA VICE-CHAIR

Noted.

CPA HONOR ROLL OF STATES

Information only.

ADMINISTRATIVE RULES
STATUS OF CLEARING HOUSE RULE 03-071

Mr. Lowrie reported that the CH Rule 03-071 is effective on June 1, 2004.

PRACTICE ISSUES
UNAUTHORIZED PRACTICE OF LAW LETTER – JERRY LOWRIE

Jerry Lowrie updated the Board on the unauthorized practice of law issue and stated that the testimony given at a hearing held on March 18, 2004 showed that there is not a problem and that the definition of law would not have to be changed.

TEMPORARY LICENSE AND UAA SECTION 23 TOM KILKENNY

Tom Kilkenny distributed an outline for discussion and reported on the background of issues, how substantial equivalency is working in other states, how to move forward in Wisconsin and proposed action steps to be completed by the August Board meeting.

Mr. Kilkenny discussed how substantially equivalency is working in other jurisdictions. Some jurisdictions are just implementing the process of notification. 442.025 Wis. Stats may allow the Board flexibility to implement this provision. The Board requested staff to contact Ruby Jefferson-Moore to see if the Board could move forward with this provision. The administrative rules are not consistent with the Statutes. The Statutes are vague so the administrative rules may need revisions for clarification.

The Board also discussed how the notification process occurs, when and how to charge fees. Some states notify the other state on-line and do not charge a fee, when their rules are substantially equivalent and they are only in another state to conduct an audit. The Board discussed how to determine substantially equivalent states and if Wisconsin relies on NASBA to determine the states that are substantially equivalent?

The Board reviewed Oklahoma's website as an example of on-line notification and questioned registration of a firm that temporarily practices in another state.

Mr. Lowrie will discuss with legal council whether the administrative rules need to be redrafted in order to implement the notification process.

The Board members attending the NASBA meeting in Florida will make inquiries as to what other states are doing, how they went about making these changes, which rules need to be changed in order to implement this and if the Department should charge a fee. NASBA would like every state to implement this provision uniformly.

NASBA EXPOSURE DRAFT DISCUSSION – JIM JOHNSON

Mr. Johnson reviewed NASBA's Exposure Draft, additions, and modifications to Uniform Accountancy Act Model Rules with the Board and requested comments on the four rules presented in the exposure draft. State Boards were asked to consider the rules with an eye to what changes would be needed to make them adoptable in their jurisdiction and then to inform the NASBA UAA Committee of the required alterations by Tuesday, June 1, 2004.

EXAMINATION/EDUCATION/APPLICATION ISSUES
CPA EXAMINATION UPDATE-DARWIN TICHENOR

Darwin Tichenor reported that the April examination went smoothly. Candidates call CPACE or go to their website to download an application. CPACE evaluates the candidate's eligibility to sit and issue a notice to schedule the applicant to sit for the exam. The last two weeks prior to the exam are very busy. Mr. Tichenor distributed the statistics from the last paper and pencil examination.

REVIEW OF VERIFICATION OF EMPLOYMENT AND EXPERIENCE EVALUATION (FORM 127) –JAN BOBHOLZ

The Section reviewed the changes to the "Verification of Employment and Experience Evaluation" Form # 127.

MOTION: Roman Jungers moved, seconded by Karen Bindl to approve the changes to the Verification of Employment and Experience Evaluation Form # 127. Motion carried unanimously.

ETHICS EDUCATION FOR FUTURE CPAS – LETTER FROM AMERICAN ACCOUNTING ASSOC.-INFORMATION ONLY

Noted.

BOARD MEMBER ACTIVITY

None.

VISITORS COMMENTS

None.

PRESENTATION OF PROPOSED STIPULATIONS BY DIVISION OF ENFORCEMENT

None.

CLOSED SESSION

MOTION: Roman Jungers moved, seconded by Thomas Kilkenny, to convene to closed session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Motion carried by roll call vote: Lucretia Mattson- yes, Jim Johnson - yes, Karen Bindl– yes, Roman Jungers II-yes, Thomas Kilkenny – yes, Frederick Franklin-yes.

Open session recessed at 12:12 p.m.

RECONVENE TO OPEN SESSION

MOTION: Karen Bindl moved, seconded by Thomas Kilkenny, to reconvene into open session at 1:57 p.m. a.m. Motion carried unanimously.

VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION, IF VOTING IS APPROPRIATE

APPLICATIONS REVIEWED ON MAY 6, 2004

The Board took the following action on applications. Applicants applied based on examination, transfer of credit from another state and endorsement of license from another state.

MOTION: Roman Jungers moved, seconded by Karen Bindl, to approve the forty-nine candidates that the Board approved on May 6, 2004 based on examination, transfer of credit from another state and endorsement of license from another state. Motion carried unanimously.

MOTION: Roman Jungers moved, seconded by Karen Bindl, to approve nine candidates contingent upon receipt of passing scores for the ethics examination. Motion carried unanimously.

MOTION: Roman Jungers moved, seconded by Karen Bindl, to approve the 114 certified public accountants licenses on list dated May 6, 2004. Motion carried unanimously.

MOTION: Roman Jungers moved, seconded by Karen Bindl, to approve Hsiu-Hua Lieu to sit for the CPA examination. Motion carried unanimously.

FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT

1. Approved – 47

ADAMS, LARRY D
ALLCOX, RICHARD S
BAKER,, MONICA L
BORCHARDT, CHRIS W
CHUNG, VIVIAN W
CZARNECKI, DAWN M
GRAY, CHRISTINE P
GREENWALD, CANDICE M
HALL, LANCE J
HALL, WENDY K
HANNEMAN, MICHAEL F
HEIDERER, KAREN E
HEIN, TIM F
HENSCHEL, ANGELA M
KENNEDY, CYNTHIA M
KIEDROW, CARRIE R
KINDSCHUH, STEVEN R
KLOEHN, JENNIFER R
KONWENT, CHERYL A
KURZINSKI, RITA R
LAATSCH, DANIEL F
LEIGH, TINA M
LONGDIN, MATTHEW
LONGDIN, REBECCA A
MARTIN, RYAN R
MC QUILLAN, TIMOTHY J
MINOR, KENNETH A
MOLEPSKE, MICHAEL N
NEWMAN, GREGORY A
NOLAN, TIMOTHY R
OUTHOUSE, DANA S
PALLEX, DEAN V
PARIS, KERI, L
PROVO, PAUL D
SCHMIDT, MICHAEL S
SCHUENKE, SCOTT J
SCHUH-ATHORP, STEPHANIE L
SCHULTZ, ANN M
SOUKUP, DONALD A
STAMM, JESSICA L
STAUBACH, MONICA L
SULLIVAN, TAMMI M
SUN, HAO C
UPTHAGROVE, NANCY JO
WEINERT, CARLA J
WIDMANN, MELISSA A
YUNG, CHI-HUNG Q

2. Approved – 9 Contingent upon receipt of passing ethics exam score, other state's verification or fee

FRITZ, RHONDA K
GALT, GLEN E
HEIMAN, KAY S
KOLOSOWSKI, DEBRA L
LOKKEN, ERIC J
LUTHENS, DANIEL E
MORTON, SHARON A
OZUG, JOHN J
WERA, DAVID L

3. Approved after review of education by entire board – 3

KALIA, SUMANISH K
KENNEDY, SCOTT T
LIU, HSIU-HUA (for purposes of sitting for the CPA exam)

MONITORING

None.

CASE CLOSINGS

02 ACC 017

MOTION: Lucretia Mattson moved, seconded by Roman Jungers, to close case 02 ACC 017 Linda Beversdorf for no violation. Tom Kilkenny case advisor. Motion carried unanimously.

STIPULATIONS
ADMINISTRATIVE WARNINGS

None.

PENDING APPLICATIONS
ANDERSON ZURMUEHLEN & CO. P.C.

The Board reviewed the application for firm registration for Anderson Zurmuelen.

MOTION: Roman Jungers moved, seconded by Lucretia Mattson, to grant an accounting firm license to Anderson ZurMuehlen & Co. P.C. Motion carried unanimously.

REINSTATEMENT REQUESTS
EXAMINATION ISSUES
NEW BUSINESS
SUCH OTHER MATTERS AS DEFINED BY LAW

None.

ADJOURNMENT

MOTION: Thomas Kilkenny moved, seconded by Lucretia Mattson, to adjourn the meeting at 1:01 p.m. Motion carried unanimously.

NEXT MEETING: August 19, 2004