

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY  
JANUARY 20, 2017  
LANDON STATE OFFICE BUILDING, ROOM 556A  
TOPEKA, KS**

**1. ADMINISTRATIVE MATTERS:**

**A. CALL TO ORDER:**

Denise O. Denning, CPA, Chair, called the meeting to order. Board members in attendance were Ms. Denning; John R. Helms, CPA; T. C. Anderson, Public Member; Michael L. Marsh, CPA; Kathryn J. Mitchell, CPA; Patricia O'Sullivan, Public Member; and Rodney Van Norden, CPA. Also in attendance was Susan Somers, Executive Director; Randy Forbes, Disciplinary Counsel to the Board; Darin Conklin, General Counsel to the Board; Natasha Schamberger, James Boomer, Chad Allen, Rita Barnard, Danielle Hologram, and members of the 20 up to 40 Group, on behalf of the Kansas Society of CPAs; and Joyce Schartz on behalf of the Public Accountants Association.

**B. CONSENT CALENDAR:**

1-3. The Board reviewed the minutes of the December 9, 2016 meeting; reciprocity certificates/permits to practice; firm registrations; the December 2016 financials; and the Governor's Recommendations to the agency's 2017, 2018 and 2019 budget. Mr. Helms moved and Ms. O'Sullivan seconded to approve the Consent Calendar. Upon a vote, the motion carried.

**C. WELCOME MEMBERS OF KSCPA 20 UP TO 40:** Ms. Denning welcomed James Boomer, the incoming Chair, and Chad Allen, the incoming Vice-Chair of the Kansas Society of CPAs, as well as members of the KSCPA's "20 up to 40" Leadership class. The Board members took turns introducing themselves, giving their backgrounds, and providing insight as to what is required of them as Board members.

**2. CPA EXAM:**

A. The Board reviewed the exam scores for the October/November/December 2016 exam window. After review, Mr. Helms moved and Mr. Van Norden seconded to ratify the grades. Upon a vote, the motion carried.

B. The Board reviewed the CPA exam statistics for 2016. There was no action required to be taken.

C. The Board reviewed the CPA Exam Candidate Concerns for 4<sup>th</sup> Quarter 2016. There was no action required to be taken.

D. The Board reviewed a request from Joseph Del Rio pursuant to K.A.R 74-2-7(g) for a waiver of an upper division economics course for a transfer of his exam

scores from California. After review and discussion, Ms. O'Sullivan moved and Mr. Marsh seconded to deny the request. Upon a vote, the motion carried.

### **3. CPE/PERMIT TO PRACTICE/PEER REVIEW/FIRM REGISTRATIONS:**

A. Ms. Somers presented to the Board the list of firms with peer reviews either due or in process. No action was required to be taken.

B. The Board reviewed a list of firms that had not renewed as of December 31, 2016 and to whom a reminder had been issued providing notice of their failure to register. No action was required to be taken.

C. The Board reviewed the list of firms that had notified the Board that they were not renewing. No action was required to be taken.

D. The Board reviewed a request for waiver of Peer Review pursuant to K.S.A. 1-501 from Lara Sereduck. Based upon the information provided, Mr. Anderson moved and Ms. O'Sullivan seconded to grant the waiver, with the provision that should Ms. Sereduck become a sole practitioner or form her own firm again in the future and issue a report subject to Peer Review, she would be required to undergo a Peer Review for any attest reports issued. Upon a vote, the motion carried.

E. The Board discussed the revised Proposed Evolution of Peer Review Administration issued by the AICPA, noting that the revision had eliminated some of the concerns that the Board previously had with the proposal. As the KSCPA had not had a chance to discuss the revision, the Board tabled discussion on the matter until the April 28, 2017 meeting.

F. The Board reviewed a request from Hay, Rice & Associates, Chartered, for an extension of their Peer Review due date from February 28, 2017 to March 31, 2017. After discussion, Mr. Anderson moved and Mr. Helms seconded, to approve the request for extension. Upon a vote, the motion carried.

### **4. HEARINGS AND OTHER DISCIPLINARY MATTERS:**

**A. DAVID A. UNGER, CPA & UNGER & ASSOCIATES P.C. STIPULATION AND CONSENT ORDER:** Ms. Denning, the investigative Board member, recused herself from this matter. Mr. Unger appeared, along with his counsel, Kate Gasper, by telephone. This matter was before the Board for consideration of a Stipulation and Consent Order arising from Respondents' failure to comply with applicable professional standards. The Board went into closed session pursuant to K.S.A. 1-501 to discuss matters relative to the peer review. The terms of the Stipulation and Consent Order required the Respondents to appear by phone before the Board and pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in the matter. Further, Respondents shall not perform audits for Kansas entities without prior written order from the Board; shall undergo a pre-issuance review by a reviewer pre-approved by the Board of all other attest services rendered to Kansas clients until further order of the Board. Pre-issuance review findings are to be provided to the Board in accordance with the terms of the Stipulation and Consent Order. Respondents are required to immediately correct

deficiencies identified during the pre-issuance review and shall refrain from issuing said attest reports to Kansas clients until such time as the pre-issuance review is complete and the deficiencies corrected. When the Board reconvened, Mr. Van Norden moved and Ms. O'Sullivan seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Denning not participating.

Mr. Anderson then moved, and Mr. Marsh seconded, to issue a Protective Order, pursuant to K.S.A. 1-501(h) prohibiting the disclosure of those portions of the agency record wherein there is a discussion or admission into evidence of the peer review report documents. Upon a vote, the motion carried, with Ms. Denning not participating.

**B. RONALD D. BOSS, CPA & BOSS & COMPANY, LLC STIPULATION AND CONSENT ORDER:** Mr. Marsh, the investigative Board member, recused himself from this matter. Mr. Boss appeared in person and on behalf of Boss & Company, LLC. This matter was before the Board for consideration of a Stipulation and Consent Order arising from Respondent Boss & Company, LLC's submission of an application for CPA Firm Registration and a subsequent investigation wherein it was determined that Boss & Company, LLC had engaged in the practice of certified public accountancy in the State of Kansas without a lawful firm registration and Mr. Boss had engaged in conduct reflecting adversely on his fitness to practice certified public accountancy. The terms of the Stipulation and Consent Order required Respondents to appear before the Board; Mr. Boss to pay a fine in the amount of \$750.00 and costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees; and the application for CPA firm registration was granted. After hearing testimony, Mr. Anderson moved and Mr. Helms seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Mr. Marsh not participating.

**C. EUGENE M. MENSE, III, CPA AND THE MENSE CPA FIRM, LLC STIPULATION AND CONSENT ORDER:** Ms. Denning, the investigative Board member, recused herself from this matter. Mr. Mense appeared by telephone. The Board went into closed session pursuant to K.S.A. 1-501 to discuss matters relative to peer review. This matter was before the Board for consideration of a Stipulation and Consent Order relating to Respondents' failure to comply with applicable professional standards. The terms of the Stipulation and Consent Order required the Respondents to appear before the Board by phone, and to pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in the matter. Furthermore, Respondents shall not perform ERISA audits for Kansas entities without the prior order of the Board; shall notify the Board within ten days of acceptance of an engagement to perform audit services which would require a pre-issuance review pursuant to the Stipulation and Consent Order; shall undergo pre-issuance review by a pre-issuance reviewer pre-approved by the Board of all audit services rendered by Respondent for Kansas entities until further order of the Board. Pre-issuance review findings are to be provided to the Board in accordance with the terms of the Stipulation and Consent Order. Respondents are required to immediately correct deficiencies identified during the pre-issuance review and shall refrain from issuing said audit reports to Kansas clients until such time as the pre-issuance review is complete and the deficiencies corrected. After hearing testimony, Mr. Anderson moved

and Mr. Van Norden seconded, for the Board to proceed into closed session to deliberate the matter. Upon a vote the motion carried with Ms. Denning not participating.

When the Board reconvened, Ms. O'Sullivan moved and Mr. Marsh seconded for the Board to accept the Stipulation and Consent Order. Upon a vote, the motion carried with Ms. Denning not participating, and Mr. Anderson voting no.

Mr. Anderson then moved, and Mr. Marsh seconded, to issue a Protective Order, pursuant to K.S.A. 1-501(h) prohibiting the disclosure of those portions of the agency record wherein there is a discussion or admission into evidence of the peer review report documents. Upon a vote, the motion carried, with Ms. Denning not participating.

**D. LIGHTHEART, SANDERS & ASSOCIATES STIPULATION AND CONSENT ORDER AMENDING CONSENT AGREEMENT AND FINAL ORDER DATED AUGUST 29, 2016:** Ms. Denning, the investigative Board member, recused herself from this matter. A representative of the firm was not required to appear. This matter was before the Board for consideration of an amendment to a prior Consent Agreement and Final Order issued regarding pre-issuance reviews of certain attest work issued by Lighthouse, Sanders & Associates. After discussion, Mr. Anderson moved and Mr. Marsh seconded to approve the Stipulation and Consent Order amending the Consent Agreement and Final Order dated August 29, 2016. Upon a vote, the motion carried, with Ms. Denning not participating.

**E. RYAN ANTHONY CHIAVERINI STIPULATION AND CONSENT ORDER:** Mr. Marsh, the investigative Board member, recused himself from this matter. Mr. Chiaverini appeared in person. This matter was before the Board for consideration of a Stipulation and Consent Order arising from an investigation of the respondent's practice of certified public accountancy without a valid permit to practice. The terms of the Stipulation and Consent Order required Mr. Chiaverini to appear in person before the Board; pay a fine in the amount of \$500.00; and payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees. Respondent application for reinstatement of his permit to practice as a CPA in Kansas was granted. After hearing testimony, Ms. O'Sullivan moved, and Ms. Mitchell seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Mr. Marsh not participating.

**F. DANA KAY SCHULTZ, CPA STIPULATION AND CONSENT ORDER:** Ms. Mitchell, the investigative Board member, recused herself from this matter. Ms. Schultz appeared by telephone. This matter was before the Board for consideration of a Stipulation and Consent Order arising from an investigation wherein it was determined that Ms. Schultz had failed to maintain the requirements for renewal of her permit arising out of an audit of the CPE claimed for her permit renewal. The terms of the Stipulation and Consent Order required Ms. Schultz to appear by telephone; to pay a fine in the amount of \$500.00 and costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees; and to complete CPE as otherwise specified by the Stipulation and Consent Order. After hearing testimony, Mr. Van Norden moved, and Mr. Helms seconded, to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Mitchell not participating.

**G. DAVID ALLEN TURK, CPA & DAVID A. TURK, CPA, LLC STIPULATION AND CONSENT ORDER:** Ms. Denning, the investigative Board member, recused herself from this matter. Mr. Turk appeared in person by telephone. The Board went into closed session pursuant to K.S.A. 1-501 to discuss matters relating to peer review. This matter was before the Board for consideration of a Stipulation and Consent Order relating to Respondents' failure to comply with applicable professional standards. The terms of the Stipulation and Consent Order required that the Respondents appear before the Board by telephone and to pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in the matter. Further, Respondents shall not perform audits pursuant to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for Kansas entities without prior written order of the Board; and shall undergo a pre-issuance review by a reviewer pre-approved by the Board of all other attest services rendered for Kansas clients until further order of the Board. Pre-issuance review findings are to be provided to the Board in accordance with the terms of the Stipulation and Consent Order. Respondents are required to immediately correct deficiencies identified during the pre-issuance review and shall refrain from issuing said attest reports to Kansas clients until such time as the pre-issuance review is complete and the deficiencies corrected. . After discussion, Mr. Anderson moved, and Mr. Van Norden seconded to accept the Stipulation and Consent Order. Upon a vote the motion carried, with Ms. Denning not participating.

Mr. Anderson then moved, and Mr. Van Norden seconded, to issue a Protective Order, pursuant to K.S.A. 1-501(h) prohibiting the disclosure of those portions of the agency record wherein there is a discussion or admission into evidence of the peer review report documents. Upon a vote, the motion carried, with Ms. Denning not participating.

**H. DAVID A. WAGNER, CPA & WAGNER PROFESSIONAL SERVICES, LLC STIPULATION AND CONSENT ORDER:** Mr. Marsh, the investigative Board member, recused himself from this matter. Mr. Wagner appeared in person and on behalf of Wagner Professional Services, LLC. This matter was before the Board relating to Respondent Wagner Professional Services, LLC's submission of an application for CPA Firm Registration and an investigation wherein it was determined that Respondent firm had engaged in the practice of certified public accountancy in the State of Kansas without a lawful firm registration and Mr. Wagner had engaged in conduct reflecting adversely on his fitness to practice certified public accountancy. The terms of the Stipulation and Final Order required Respondents to appear before the Board; Mr. Wagner to pay a fine in the amount of \$250.00 and costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees; and Respondent firm's application for firm registration was granted. After hearing testimony, Mr. Van Norden moved and Ms. Mitchell seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried with Mr. Marsh not participating.

**I. JEFFERY ALAN THORNE REQUEST FOR REINSTATEMENT OF CERTIFICATE AND PERMIT:** Ms. Mitchell, the investigative Board member, recused herself from this matter. Mr. Thorne appeared in person. This matter was before the Board for consideration of Respondent's request for reinstatement of his Kansas certificate and permit to practice certified public accountancy in the State of Kansas,

which were previously suspended for failure to cooperate in an audit of continuing professional education credits, and to further consider the fine to be imposed relative to Respondent's prior unlawful conduct. After hearing testimony, Mr. Anderson moved and Mr. Helms seconded for the Board to proceed into closed session to deliberate the matter.

When the Board reconvened, Mr. Van Norden moved and Mr. Helms seconded to reinstate Mr. Thorne's Kansas certificate and permit to practice certified public accountancy and to impose a fine in the amount of \$3,000, which cannot be paid by credit card, to be paid within 10 days of the effective date of the Board's Final Order. Upon a vote, the motion carried, with Ms. Mitchell not participating.

**J. THE FOLLOWING ARE STIPULATION AND CONSENT ORDERS APPROVED BY THE BOARD RELATING TO INFORMATION SUBMITTED TO THE BOARD BY THE UNITED STATES DEPARTMENT OF LABOR AND TO FIRMS WHO ISSUED EMPLOYEE BENEFIT PLAN AUDITS FOR KANSAS CLIENTS WITHOUT A PROPER FIRM REGISTRATION. REPRESENTATIVES OF THE FIRMS WERE NOT REQUIRED TO APPEAR BEFORE THE BOARD. MS. DENNING, THE INVESTIGATIVE BOARD MEMBER, RECUSED HERSELF FROM THESE MATTERS.**

**BABUSH, NEIMAN, KORNMAN & JOHNSON, LLP:** \$250.00 fine, payment of attorney's fees and court reporter fees pursuant to K.S.A. 1-206 and approval of Respondent's application for CPA firm registration. Ms. O'Sullivan moved and Mr. Marsh seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Denning not participating.

**DAVIS, JOSEY, KEATING & RANES, LLC:** \$750.00 fine, payment of attorney's fees and court reporter fees pursuant to K.S.A. 1-206 and approval of Respondent's application for CPA firm registration. Ms. O'Sullivan moved and Mr. Marsh seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Denning not participating.

**KEVIN C. DUKE, CPA, LLC:** \$250.00 fine, payment of attorney's fees and court reporter fees pursuant to K.S.A. 1-206 and approval of Respondent's application for CPA firm registration. Ms. O'Sullivan moved and Mr. Marsh seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Denning not participating.

**FROST, PLLC:** \$500.00 fine, payment of attorney's fees and court reporter fees pursuant to K.S.A. 1-206 and approval of Respondent's application for CPA firm registration. Ms. O'Sullivan moved and Mr. Marsh seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Denning not participating.

**KMA BODILLY, CPAS & CONSULTANTS, S.C.:** \$250.00 fine, payment of attorney's fees and court reporter fees pursuant to K.S.A. 1-206 and approval of Respondent's application for CPA firm registration. Ms. O'Sullivan moved and Mr. Marsh seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Denning not participating.

**SCHMERSAHL TRELOAR & CO., P.C.:** \$500.00 fine, payment of attorney's fees and court reporter fees pursuant to K.S.A. 1-206 and approval of Respondent's

application for CPA firm registration. Ms. O'Sullivan moved and Mr. Marsh seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Denning not participating.

**5. OTHER:**

A. Mr. Helms presented a proposal for certain fee increases in response to the Division of Budget's recommendation to raise fees, to be included in the Board's revision to its upcoming revisions to its Rules and Regulations. The Division of Budget had projected that by the end of FY 2019, the remaining balance in the fee fund would be at an extremely low level. The proposed fee increases are to increase the fee for issuance of a Kansas certificate from \$25.00 to \$50.00; increase the fee for a permit to practice from \$150.00 to \$165.00; and increase the fee for firm registration from \$40.00 to \$100.00. These increases, in turn, will increase the amount of fees for late permit renewals; reinstatement of permits; and late firm registrations.

Ms. O'Sullivan moved, and Mr. Van Norden seconded to approve the new fee structure and instruct Ms. Somers and Mr. Conklin to start the process of promulgating Rules and Regulations amendments to include the new fee structure. Upon a vote, the motion carried, with Mr. Anderson abstaining from voting.

B. The Board discussed assigning a Presiding Officer for Board matters that occur before the Board's next meeting to be held April 28, 2017. Mr. Van Norden moved, and Ms. O'Sullivan seconded, to delegate John Helms as the Presiding Officer. Upon a vote, the motion carried.

**6. ADJOURN:**

There being no further business to come before the Board, Ms. O'Sullivan moved and Mr. Van Norden seconded to adjourn the meeting. Upon a vote, the motion carried.

/s/ Susan L. Somers  
Susan L. Somers, Executive Director