

Nevada State Board of Accountancy NEWSLETTER

FALL / WINTER 2003

EXECUTIVE DIRECTOR, JOHANNA BRAVO ANNOUNCES RETIREMENT



Johanna Bravo

With mixed emotions I have submitted my resignation to the board effective September 30, 2003! My career with the Nevada State Board of Accountancy began on February 23,

1981 when I accepted the position of Secretary-Receptionist, progressed to Executive Secretary, Assistant Director and, in October 1995 to the position of Executive Director.

During my 22+ years with the board I have witnessed an evolution of changes in the accountancy laws with requirements for certification becoming more rigid in some areas and more relaxed in others. Registration and organization of firms changed drastically with the introduction of non-licensure ownership, alternative business structures, acceptance of fictitious names and, last but not least, with the ability for Nevada CPAs, under certain circumstances, to accept commissions. At the board office we have made great strides to embrace the changes and improve efficiency while retaining a level of human quality and personal attention so often missing in the fast paced age of technology.

I appreciate having had the opportunity to work with so many fine members of the accounting profession. My sincere thanks to all members of the board, past and present, for your dedication and service to the State of Nevada.

VIKI WINDFELDT NAMED NEW EXECUTIVE DIRECTOR

I know you will all join me in welcoming Viki Windfeldt, selected by the board as their new Executive Director, effective October 1st. As an eight-year veteran of the board staff, serving as the Assistant Director, Viki has been involved in all aspects of the administrative functions of the board office where she has implemented new procedures and streamlined existing ones for greater efficiency.

Viki came to the board from the Nevada State Board of Pharmacy where she held the position of Board Coordinator. She also brought experience in the accounting field from her employment as Audit Secretary with the CPA firm, Deloitte & Touche. As a graduate of the University of Nevada, Reno Viki earned her bachelor's degree in social psy-

chology and general business.

She also completed an associate's degree in business management at Truckee Meadows Community College.

Viki is involved in many community activities and with husband Ty, is the proud parent of new daughter, Kate Allyn. I know everyone will join me in wishing Viki well in her new position.



Viki Windfeldt

Inside This Issue:

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- Quality Review-Participant or Bystander?
- Disiplinary Report
- Exam News
- Calendar
- Have You Moved?

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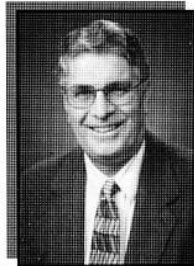
BOARD ELECTS 2003 - 2004 OFFICERS

Election of officers was held by the Nevada State Board of Accountancy at its meeting on May 21, 2003 in Reno.



Bonnie M. Houldsworth, CPA of Las Vegas was elected as President.

Mrs. Houldsworth is a senior shareholder of Houldsworth, Russo & Company and has served as a member of the Board since November 2001.



Harry O. Parsons, CPA of Reno was elected as Secretary-Treasurer.

Mr. Parsons, Managing and Audit Shareholder for Pangborn & Company, Ltd. in Reno, has also served as a member of the Board since November 2001.

LESLIE WALSH JOINS BOARD STAFF

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Also joining the board staff September 1, 2003 as Board Coordinator is Leslie Walsh. Leslie comes to the board from the University of Nevada, Reno, where she held a position in the Human Resources Department. Prior to her position at UNR, Leslie gained experience in the accounting field from employment with the accounting firm Deloitte & Touche. Leslie graduated from the University of Nevada, Reno with a bachelor's degree in business administration, emphasis in marketing. Leslie and husband Jay have a daughter, Cassandra and son, Scott. Welcome Leslie!



NOTICE

Effective **August 15, 2003** the office of the Nevada State Board of Accountancy is located at the following address:

Nevada State Board of Accountancy
1325 Airmotive Way, Suite 220
Reno, Nevada 89502

Phone (775) 786-0231

Fax (775) 786-0234

Email cpa@nvaccountancy.com

CPA CERTIFICATES ISSUED

73 CPA certificates were issued during the period February 1, 2003 through August 31, 2003. 37 certificates were issued by reciprocity and 36 by examination.

CERTIFICATES ISSUED BY RECIPROCITY WERE:

HENDERSON: Debra A. Biordi-Fusaro, Erika L. Miller; **LAS VEGAS:** John Douglas Chartier, John D. Keyser III, Theodore D. Luce, Rhonda A. Mannes, Michael Stanton Mathews, Scott H. Miller, Pattie L. Montgomery, Marion Kim Pearson, Suzanne T. Perez, Mary Jo Richard, Erik C. Sandhu, Randall L. Scott, Phyllis Y. Tucker; **NORTH LAS VEGAS:** Travis J. Hutchison; **OUT OF STATE:** Russell E. Andrews, Sark Alan Antaramian, Raymond Augustus Benetti, Jr., Andreas D. Coumides, Jr., Joseph G. Dowds, Ronald J. Genty, David J. Hamann, David Kato, Jerry L. Lehman, David B. Lewis, Nyuk King Ling, Ida H. L. Louie, Michael J. Murphy, Christopher J. Obmann, Michael F. Power, Thomas T. Rich, Elliott Alan Weinberg, Kelly Katherine Welter; **RENO:** Carolyn Ruth Burkett, Sharon Lynn Mancuso; **SPARKS:** Reed Cowan.

CERTIFICATES ISSUED BY EXAMINATION WERE:

ELKO: John E. Gibson; **HENDERSON:** Mark Nicholas Donadio, Melissa D. Olivas, Courtney E. Wenleder; **LAS VEGAS:** Kurtis James Allen, Jennifer M. Carroll, David S. Cornbleth, Hugh P. Dalton, Kate M. Gilman, Adam S. Hodson, Matthew J. Johnson, Gary L. Krape, Mark S. Little II, Tracie Keiko Matsuo, Gino J. Mauriello, Clint Michael O'Brien, Jason Dana Payan, Steven D. Price, Brian Christopher Reyburn, Megan A. Schimick, Kenneth J. Scriber, Michele LaRiene Taketa, Michael R. Torres; **OUT OF STATE:** Joseph A. Fleming, Andee M. Hughes, Wade Edwin Kruse, Otmar Nivar Seijas Martina; **RENO:** Shasta Vanessa Botts, Elisabeth M. Farley, Fifi Goodfellow, Alyssa Kelly Koliha, Deborah Lynn Liston, George C. Metkovich, Sheri M. Russell, Russell Elery Steele; **SPARKS:** Monica Derner.

NOTICE BOARD SEEKS AUDIT PROPOSALS

The Nevada State Board of Accountancy is soliciting proposals for audit services. Proposals will be considered for an engagement period to include the June 30, 2004 fiscal year and two additional years.

The engagement will be performed for the purpose of expressing an unqualified opinion on the board's financial statements. Any licensee or firm desiring consideration for this engagement should submit a proposal by November 3, 2003. Please contact the board office if you have any questions regarding submission of your proposal.

QUALITY REVIEW OF THE PROFESSION ARE WE A PARTICIPANT OR A BYSTANDER!!

By Harry O. Parsons, CPA

I remember attending an annual meeting of the NSCPA in 1986 in Las Vegas. There was a considerable crowd since Marvin Strait, the Chairman of the Board of the AICPA was speaking. This was also a time of trouble for the image of CPAs since the failure of several savings and loan organizations was being blamed on fraudulent audits performed by CPA firms. The federal government was demanding more input and scrutiny of the profession to protect the public. (Does any of this sound familiar?) Committee hearings were conducted under Senator Dingle to try to determine how to place additional controls and requirements at the federal level to save the general public from a profession that had dropped in status to one step above that of Attila the Hun! The AICPA and National Association of State Boards of Accountancy (NASBA) were attempting to stop the unwarranted interference of additional governmental standards on our profession.

Chairman Strait was speaking to all state CPA societies to attempt a compromise with the congressional committee by requesting a vote of the AICPA membership to approve a voluntary Peer Review, or Quality Review Program. The vote passed and any member of the AICPA since that time must undergo a peer review under AICPA standards. Additionally, for those CPAs not members of the AICPA, most states require a financial report quality review program. CPAs in Nevada must undergo a financial statement review conducted by the Practice Enhancement Program of the Nevada State Board of Accountancy (NSBA). A CPA may claim a waiver if he or she has undergone a peer review by the AICPA within three years by attaching the most recent peer review report to the submitted waiver.

The one truly embarrassing point of the meeting was when Mr. Strait asked the question of the members attending the meeting, "How many of you here have seen substandard work on financial statements prepared by other CPAs?" At least 90% of those members raised their hands. He then asked the question, "How many of you turned in those CPAs to your respective State Boards of Accountancy for discipline or educational requirements?" About 10% still held their hands up. He concluded with the question, "How can you expect me to go before a congressional committee to testify that we police our own profession when you have just told me you don't?" That was seventeen years ago and this issue still exists today. I ask each of you members now in today's environment, "How many of you have seen substandard work on fi-

ancial statements prepared by other CPAs and what are you willing to do about it?"

I am proud to have been a CPA since 1974. The profession has always received the highest ratings of trust and confidence by the general public and business community even during the past times of problems with savings and loan to the current Enron/Global Crossing/MCI problems. We have always taken great pride in our profession and feel violated when one of our own tarnishes our image. However, this problem exists not only at the national level, but in our own state and we all know it. I would ask each of you to remember the feeling of pride you have when you tell someone you are a CPA and notice the look of respect they show when you tell them. It takes that feeling of pride to override any guilty feelings you may have to turn in work that is a bad reflection on our profession.

When questioned work is reported, NSBA will assign a board member to act as liaison officer and review the work product. After determining the severity of the work in question, the liaison officer can (1) recommend the Board drop the action for lack of severity, (2) confer with the individual/firm to work out a stipulated agreement regarding discipline, or (3) recommend a formal hearing before the Board. The Board will determine if action needs to be taken against the individual/firm and to what extent based on the severity of the problem. The result can be to require additional CPE in specific areas of weakness. However, discipline can also result in fines, pre-issuance review of financial statements, certificate probation, suspension or revocation.

When the Board becomes aware of a potential problem, we also feel it our responsibility to inform the licensees of a problem which might affect them. A problem has come before the Board in the past. The Board found against two CPAs performing audits under Generally Accepted Government Auditing Standards (GAGAS) commonly known as "Yellow Book Audits." These standards cover all audits of government organizations, activities, functions and programs, as well as government assistance received by organizations such as contractors and not-for-profit programs. The two findings were for audits of HUD projects. The CPAs performing these audits were not qualified to perform Yellow Book Audits under GAGAS.

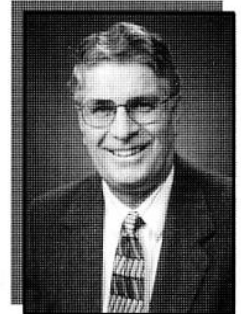
In addition to the Generally Accepted Audit Standards (GAAS) for all audits, there are four additional standards under GAGAS. Two of these standards were not met and there seems to be some confusion in this area.

The first standard not met under GAGAS was for additional education. GAGAS requires eighty hours every two years of CPE for any auditor who plans, directs, conducts substantial portions of field work, or reports on any Yellow Book Audit. In addition, it requires twenty-four hours every two years (as part of the eighty hours) of CPE specifically related to governmental or yellow book environment being audited. There are specifically approved Yellow Book CPE courses that qualify for the governmental auditing requirement.

The second standard not met under GAGAS was related to quality control. GAGAS requires that at least once every three years, organizations conducting governmental audits participate in an independent external quality control review (peer review) conducted by an organization specifically approved by General Accounting Office (GAO), the issuer of GAGAS. This peer review must be performed on-site at the auditor's office and include a review of the firm's quality control system. The review must include audit reports, working papers, and other necessary documents (e.g., correspondence, continuing education documentation and client acceptance) as well as interviews with the reviewed firm's professional staff. A written report must be prepared communicating the results of the external quality control report. Audit organizations seeking to enter into a contract to perform an audit in accordance with GAGAS must provide their most recent external quality control review report to the party contracting for the audit.

The NSBA Program to Review Quality of Financial Reports (Practice Enhancement Program) does not comply with the requirements for an external peer review of the firm.

The NSBA is aware that other firms performing Yellow Book Audits may not be in compliance with these two standards and, therefore, are not qualified to perform those audits under government standards. This places those firms in a position of negligence for departure of significant reporting and auditing standards and those firms would be subject to Board hearing and discipline. I believe many of the firms that may fall into this situation are simply not aware of the additional



Harry O. Parsons, CPA

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QUALITY REVIEW OF THE

PROFESSION (continued from page 3)

GAGAS requirements. This article is intended to educate and avoid future problems. Governmental (Yellow Book) audits are considered specialized industry audits and before accepting one of these audits, the firm must make sure it is competent under all standards (GAAS & GAGAS). If a firm has one right now, it must either withdraw or comply with all standards.

A proposal will be made to the Nevada State Board of Accountancy to amend the Program to Review Quality of Financial Reports section of the Nevada Administrative Code, specifically section 628.320, Submission

of Reports. This amendment will request that a question be added to the report transmittal form asking if the firm performs governmental audits. If applicable, it would require submission of at least one governmental audit report to determine if it was subject to GAGAS. This would be in addition to present requirements of other industry audits.

The comment that has disturbed me is, "Why didn't HUD pick up on these deficiencies?" Are we as a profession opening our own doors to government intervention by not actively participating in monitoring the quality and dependability of our work product? Think about it!

DISCIPLINARY

Following is a status report on actions taken by the Nevada State Board of Accountancy since the last Newsletter. In accordance with the policy of the board, disciplinary actions that are a matter of public record are reported in the Newsletter for the information of licensees. Questions regarding these matters should be directed to the board office.

REVOCATION

Based upon the Decision of the board on July 16, 2003, certificates of nine licensees were revoked for failure to obtain the required continuing education hours for the years 2001 and 2002, in violation of Nevada Revised Statute (NRS) 628.390 (1)(c) and (d) and Nevada Administrative Code (NAC) 628.210 and 628.250. Those individuals are:

Erin Funston	CPA 2527	Edward Hussman	CPA 3027
Homer Koliba	CPA 0662	Dennis McGee	CPA 1717R
Carey Means	CPA 3228	Bryan J. Merryman	CPA 1538
Mitchell J. Robins	CPA 1827R	Michael S. Shapiro	CPA 2597R
Anne Steward	CPA 2731		

PROBATION

Bruce W. Hendrix, CPA Certificate No. 989 was formally reprimanded by the board and placed on probation for one year under Stipulated Findings of Fact, Conclusions of Law, Disciplinary Order and Decision entered July 16, 2003. The action related to Mr. Hendrix's failure to reconstruct and prepare an 1120 tax return for the year 2000 and failure to prepare the 2001 general ledger and file necessary reports for his client. Under the Decision Mr. Hendrix is required to pay a \$1,000.00 civil penalty and compensate the board for attorney's fees in the amount of \$500.00. Mr. Hendrix's conduct represents a violation of Nevada Revised Statute (NRS) 628.390(1)(d) and (j) and Nevada Administrative Code (NAC) 628.500 with respect to Rules 201A and 501 of the Code of Professional Conduct.

Kurt D. Saliger, CPA Certificate No. 2335 was revoked with the revocation stayed and Mr. Saliger placed on probation for three years under Stipulated Findings of Fact, Conclusions of Law, Disciplinary Order and Decision entered March 19,

2003. The Decision was based on allegations asserted against him by the Securities and Exchange Commission that he engaged in improper professional conduct in connection with Audit Reports for Gas & Oil Technologies. In a resulting judgment, Mr. Saliger was denied the privilege of appearing and practicing before the Securities and Exchange Commission. Under the Decision Mr. Saliger is formally reprimanded and not permitted to engage in any Audits or Reviews during the probationary period. Copies of any Compilations with respect to his Nevada practice must be provided to the board for review. Mr. Saliger must complete 16 hours of continuing education in the area of Audits, Reviews and Compilations, reimburse the board for attorney's fees of \$775.00 and pay a civil penalty of \$1,000.00. Mr. Saliger's conduct represents a violation of Nevada Revised Statute (NRS) 628.390(1)(d)(h) and (j) and Nevada Administrative Code (NAC) 628.500 with respect to Rules 202, 203 and 501 of the Code of Professional Conduct.

REPRIMAND

James R. Bonzo, CPA Certificate No. 813 was formally reprimanded by the board under a Stipulated Findings of Fact, Conclusions of Law, Disciplinary Order and Decision entered May 21, 2003. The decision was based on Mr. Bonzo's failure to comply with "Yellow Book" (OMB Circular A-133) requirements with respect to financial statements prepared. Under the provisions of the stipulation Mr. Bonzo is not permitted to issue any Audits, Reviews or Compilation reports without a pre-release review by an independent Nevada CPA approved by the board. He must complete 16 hours of continuing education in 2003 in the area of Audit, Review and Compilation with a minimum of 12 hours in the area of "Yellow Book" standards. Twelve hours in the area of "Yellow Book" standards are also required in 2004. Mr. Bonzo is required to pay a civil penalty of \$200.00 and reimburse the board for attorney's fees in the amount of \$600.00. Mr. Bonzo's conduct represents a violation of Nevada Revised Statute (NRS) 628.390(1)(d) and (j) and Nevada Administrative Code (NAC) 628.500 with respect to Rules 201, 202, 203 and 501 of the Code of Professional Conduct.

Exam News

NOVEMBER 2003

UNIFORM CPA EXAM SCHEDULE

The November 2003 Uniform CPA Examination will be administered at the Zelzah Shrine Temple in Las Vegas and the Meadow Wood Courtyard in Reno. The schedule will be as follows:

Business Law & Professional Responsibilities (LPR)	Accounting & Reporting (ARE)
Thursday, November 6, 2003	Thursday, November 6, 2003
Wednesday, November 5, 2003	8:30 AM - 12:00 NOON
9:00 AM - 12:00 NOON	
Auditing (AUD)	Financial Accounting & Reporting (FARE)
Thursday, November 5, 2003	Thursday, November 6, 2003
1:30 PM - 6:00 PM	1:30 PM - 6:00 PM

TOP SCORING CANDIDATES FROM THE MAY 2003 UNIFORM CPA EXAM

The Nevada State Board of Accountancy would like to congratulate the following Nevada exam candidates who achieved the highest scores statewide on the May 2003 CPA Exam.

Michael Drake	Karuna Khilnani
Maryann Wojciechowski	Ching Ying Moore
Martin Weisner	Jeffrey Marchant
Shaun Olsen	Philip Zhang
Marlene Hutcheson	Stephani Compston

UNIFORM CPA EXAM MOVES TO COMPUTER

The November 2003 Uniform CPA Examination will be the last pencil and paper exam. A revised Uniform CPA Exam will be introduced April 5, 2004 on computer. There will be transitioning procedures for those candidates who conditioned under the pencil and paper exam. Individuals sitting for the November 2003 Examination will receive information concerning the computerized exam with the release of their grades. Candidates and other

interested parties may obtain information from the following websites: "www.nasba.org" and "www.cpa-exam.org". The board is in the process of preparing information and new application forms. Requests to sit for the Uniform CPA Examination in 2004 will not be accepted by the board office until February 2004.



NEVADA NAMED "HONOR ROLL" STATE

Nevada has been named to NASBA's "Honor Roll" of states based on the performance of candidates on the May 2003 CPA Examination.

Nevada's candidates achieved passing grades in all subjects at a rate higher than the national average. Nevada has been ranked with the top states many times in the past. This continues to be a tribute not only to Nevada exam candidates but

to the University of Nevada System as well.

The eighteen honor roll states for the May 2003 Uniform CPA Examination are: Arizona, California, Colorado, Florida, Georgia, Illinois, Iowa, Maine, Minnesota, Missouri, Montana, Nevada, North Carolina, Oregon, Utah, Vermont, Washington and Wisconsin.



EXAM STATS

Following are the results from the May 2003 CPA examination and the statistical breakdown by category.

	AUD	LPR	FARE	ARE
Total Examinees by Subject	105	109	129	119
Examinees Passing by Subject	35	41	41	46
Percent Passing to Total	33.3	37.6	31.7	38.6
	Number	Percentage		
Passed in one sitting	15	10%		
Completed Examination	27	18%		
New Condition	20	13%		
Additional Condition	8	5%		
Failed	79	54%		
Total Sitting	149	100%		

2003 CALENDAR OF IMPORTANT DATES

- OCTOBER 26-29**
NASBA Annual Meeting
- OCTOBER 31**
Nevada Day (office closed)
- NOVEMBER 5/6**
CPA EXAM
- NOVEMBER 11**
Veteran's Day (office closed)
- NOVEMBER 19**
BOARD MEETING - Las Vegas
- NOVEMBER 27/28**
Thanksgiving (office closed)
- DECEMBER 25**
Christmas Day (office closed)

RESIGNATION

Kimberli Talcott resigned her position as secretary for the board office effective June 30, 2003 to return to her home state of Kansas. Kim held the position of Secretary-Receptionist for over six years and will be missed.



Nevada State Board of Accountancy

The Nevada State Board of Accountancy

Newsletter is the official publication of the Nevada State Board of Accountancy.

Members of the Board:

Bonnie M. Houldsworth, CPA, Las Vegas, President
Harry O. Parsons, CPA, Reno, Sec/Treas
Bruce W. Gamett, CPA, Las Vegas
Sharon J. McNair, CPA, Las Vegas
Charles A. Morrison, CPA, Reno
Raja Mourey, MBA, Las Vegas
Sydney H. Wickliffe, CPA, Las Vegas

Administrative Staff:

Johanna Bravo, Executive Director
Viki Windfeldt, Assistant Director
Leslie C. Walsh, Board Coordinator

Web Site:

www.nvaccountancy.com

Printing:

Digiprint

Regulation 628.100 requires all permit holders to notify the Board within 30 days of a change in mailing address. Please use this form to report any changes to the Board.

Change of Mailing Address:

Name: _____

Address: _____

City: _____, State: _____ Zip Code: _____

Phone #: (____) _____ - _____ Home

CPA/PA CERT. # _____

Change of Employment:

Company: _____

Address: _____

City: _____, State: _____ Zip Code: _____

Phone #: (____) _____ - _____ Business

Date of Change: _____

Do you wish this change to be reflected in your Roster listing:

YES NO (Check one)

Mail to: **Nevada State Board of Accountancy**
1325 Airmotive Way, Suite 220
Reno, Nevada 89502

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