

NEVADA STATE BOARD OF ACCOUNTANCY NEWSLETTER

SPRING/SUMMER 2005

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Board Schedules Additional Public Hearings

The Nevada State Board of Accountancy held hearings on November 17, 2004 and January 28, 2005 regarding proposed amendments to Nevada Administrative Code. The proposed changes would have affected practitioners as follows:

- Require a practitioner that performs financial statement audits, to engage in a practice-monitoring program approved by the Board to ensure that he/she is maintaining the standards of the profession.
- Require a practitioner to obtain 4 hours of professional ethics education every two years.
- Require a practitioner to report to the Board the following conduct: receipt of an adverse peer review or inspection report, disciplinary actions by SEC, IRS, or any other state or federal agency, certain criminal convictions, and judgments as to claims against practitioner for gross negligence, fraud or misappropriation of funds.

Based on written and oral testimony received by the board at those hearings, the proposed language has been modified and additional hearings have been scheduled.

Official Notice of Workshop & Hearing on Proposed Amendment to the Regulations of the Nevada State Board of Accountancy

In accordance with the provisions of NRS 628.386, the Nevada State Board of Accountancy is currently in the process of amending its regulations.

In order to obtain comments from the accounting profession and general public, and for the purpose of adopting the proposed Amendment to the Regulations the following hearings have been scheduled:

<u>Location</u>	<u>Date</u>	<u>Time</u>
Meadowwood Courtyard 5851 S Virginia Street Reno, NV 89502	July 15, 2005	1:00 PM
Clark County Library 1401 E Flamingo Rd Las Vegas NV 89119	September 16, 2005	1:00 PM

Written and oral testimony will be accepted at the public hearings. Anyone unable to attend the hearings may submit written testimony to the Board office at 1325 Airmotive Way, Suite 220, Reno, Nevada 89502, at least five (5) days prior to the scheduled public hearings.



The new proposed language to be discussed at the scheduled hearings is summarized below. Language that has been changed or added is highlighted for emphasis.

- **Previous section requiring only practitioners that perform financial statement audits, to engage in a practice-monitoring program has been removed.**
- **New language proposed requires a practitioner that performs audit, review and compilation services to engage in a practice monitoring program conforming to the standards of the AICPA peer review program, or a program deemed comparable in the opinion of the board at least once every three and one-half years.**
- Require a practitioner to report to the Board the following conduct: receipt of an adverse peer review or inspection report, disciplinary actions by SEC, IRS, or any other state or federal agency, certain criminal convictions, and judgments as to claims against practitioner for gross negligence, fraud or misappropriation of funds. **Modified to remove settlement language.**
- **New proposed section: Waiver of Examination. Authorizes Board to accept Uniform CPA Examination scores from another state and waive the manner in which the scores were obtained.**
- **New proposed section: Modifies the fees charged examination candidates for compliance with the Computerized CPA Examination.**
- Require a practitioner to obtain 4 hours of professional ethics education every two years. **Non-resident practitioners shall demonstrate compliance with the CPE renewal requirements of the state in which the practitioner’s principal office is located. If the non-resident practitioner’s principal office state has no CPE requirements then the practitioner must comply with the requirements for renewal of this state.**
- Amends NAC 628.250 to clarify listing of educational hours on annual renewal form.
- Amends NAC 628.500 to update current Code of Professional Conduct.

Please keep in mind that the purpose of the practice-monitoring program is to improve the quality of financial reporting and to assure

that the public can rely on the fairness of presentation of financial information on which public accounting firms issue reports. The Board emphasizes education and rehabilitation rather than disciplinary action. Appropriate education programs or procedures will ordinarily be recommended or required where reporting does not comply with appropriate professional standards. When a practitioner is unwilling or unable to comply with such standards, or a practitioner’s professional work is substandard as to warrant disciplinary action, such action may be resorted to as the appropriate means of protecting the public interest.

It is the opinion of the majority of the board that the adoption of mandatory practice monitoring and an ethics course requirement will enhance the practice of public accounting in Nevada. **Whether you are for or against the proposed changes your comments are important to the board. The board strongly encourages your comments either written or oral. Please plan on attending one of the following hearings or provide written testimony directly to the board office. Your opinion matters.**

A copy of the proposed Amendments to the Regulations is made available for public inspection at the board office at 1325 Airmotive Way, Suite 220, Reno NV 89502 or the board’s website at www.nvaccountancy.com.

Please note the economic effect of the above amendments to the Regulations will not provide increased revenue to the Board, and there will be no direct and significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business.

- a. Beneficial Effect: Provides for a better process for regulation of practice monitoring reports and the need therefore by individuals conducting audit, review and compilation services; and reporting of violations of CPAs to the Board.
- b. Adverse Effect: None.
- c. The immediate and long-term effects are the same.

The State Board of Accountancy will not incur any cost for this regulation change. No federal law or legislation is applicable hereto and the fee increases are not substantial.

Upon adoption of any Regulations, the Nevada State Board of Accountancy, if requested to do so by an interested person, either prior to adoption or within thirty (30) days thereafter, shall issue a concise statement of the principal reasons for and against its adoption and incorporate therein its reason for overruling the consideration urged against its adoption.

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 and the general public. Questions regarding these matters should be directed to the board office.

Revocation Rescinded - Active Status Reinstated

Shawn A. Morrow, CPA Certificate No. 3409, was revoked by the board in a hearing decision entered September 22, 2004 for failure to obtain the required number of continuing education hours for the years 2002 and 2003. Mr. Morrow has since provided the board the required continuing education and evidence to indicate reasonable cause for the delay in obtaining the required CPE. The Board at its meeting on March 16, 2005 reinstated Mr. Morrow's CPA Certificate No. 3409.

Revocation

William T. LeClair, CPA Certificate No. 3324R, was formally reprimanded by the board under the Findings of Fact, Conclusions of Law and Decision entered September 22, 2004. The decision was based on Mr. LeClair submitting his 2004 Annual License Renewal that included 2003 continuing education hours that had not been completed. Mr. LeClair's failure to obtain the required number of continuing education hours was identified during the board's random CPE documentation audit. Mr. LeClair was required to pay a penalty of \$750 for the late filing of his continuing education, an additional penalty of \$750 for misrepresenting information on his annual renewal form and compensate the board for its attorneys fees incurred of \$800 and the court reporter fees incurred of \$151.50 a total of \$2,451.50 within 30 days of the decision. Based on Mr. LeClair's failure to comply with the terms and conditions of the Decision, the Board at its meeting on November 17, 2004 Revoked CPA Certificate No. 3342R.

Steven Krell, CPA Certificate No. 4025R, was revoked by the Board in a hearing decision entered January 28, 2005. The decision was based on evidence provided that Mr. Krell took approximately \$1,500,000.00 in client funds for his own personal use. In addition, Mr. Krell agreed to surrender all professional licenses based on an agreement with his prior firm. Mr. Krell subsequently obtained a Nevada license and serviced clients after the agreement was signed. Mr. Krell's conduct violated Nevada Revised Statute (NRS) 628.390(b)(d)(j) Nevada Administrative Code

(NAC) 628.500 and Rule 501 of the Code of Professional Conduct.

Daniel Scarberry, CPA Certificate No. 3080R, was previously revoked by the Board in a hearing decision entered May 28, 2002. The decision was based on evidence provided that Mr. Scarberry failed to communicate with clients, retention of client records, and failure to prepare and file various forms to the Internal Revenue Service for his client. The Board, after the revocation of Mr. Scarberry's certificate, received various complaints indicating Mr. Scarberry's continued representation of himself as a Certified Public Accountant through his corporate name, website, business cards and letterhead. Mr. Scarberry failed to inform his clients that he was no longer a licensed Certified Public Accountant. In addition the complaints alleged Mr. Scarberry's failure to communicate with clients, failure to file appropriate IRS forms and client retention of records. It was the decision of the Board, during a disciplinary hearing held on March 16, 2005, to deny the request of Mr. Scarberry for issuance of a new Certified Public Accountant license. Under the Findings of Fact, Conclusions of Law and Decision, Mr. Scarberry was instructed to cease and desist holding himself out to the public as a Certified Public Accountant and remove all references to being a CPA.

Probation

Susan Eisenberg, CPA Certificate No. 1675, was formally reprimanded under a Board decision that revoked the CPA Certificate, stayed the revocation and placed Ms. Eisenberg on 3 years probation. The Findings of Fact, Conclusions of Law and Decision entered by the board on January 28, 2005 was based on evidence provided that Ms. Eisenberg failed to properly communicate with clients, failed to complete engagements, and improperly handled a corporate filing to the detriment of the client. Under the provisions of the board's decision Ms. Eisenberg is required to obtain 16 hours of CPE in 2005 in the area of practice management through a course offered by the AICPA, or an equivalent course to be approved by the board and shall be a live course rather than self study. The 16 hours is in addition to the 2-year requirement of 80 hours. Ms. Eisenberg must pay a fine of \$2500 and compensate the Board for its attorney's fees and costs of \$1000 within 30 days of the decision. Ms. Eisenberg's conduct is a violation of Nevada Revised Statutes (NRS) 628.390(1)(d) and (j), Nevada Administrative Code (NAC) 628.500 and Rule 201(a) and Rule 501 of the Code of Professional Conduct.

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DISCIPLINARY (cont'd)

Kimberly Dornberger, CPA Certificate No. 2270, was formally reprimanded under a Board decision that revoked the CPA Certificate, stayed the revocation and placed Ms. Dornberger on 3 years probation. The Findings of Fact, Conclusions of Law and Decision entered by the board on November 17, 2004 was based on evidence provided that Ms. Dornberger failed to obtain the required number of continuing education hours for the years 2002 and 2003. Ms. Dornberger submitted to the Board on her 2003 and 2004 license renewals, continuing education she had not taken. Ms. Dornberger misrepresented under penalty of perjury to the Board the continuing education hours taken. Under the provisions of the Board's decision Ms. Dornberger is required to obtain yearly an ethics course that will apply toward her 80-hour requirement with all backup documentation provided to the board. Ms. Dornberger must pay a fine of \$1500 and compensate the Board for its attorney's fees and costs of \$800 within 30 days of the decision. Ms. Dornberger's conduct violated Nevada Revised Statute (NRS) 628.385, 628.386, 628.390(1)(a)(c)(d), Nevada Administrative Code (NAC) 628.210 and 628.250.

Hearing Decision

Robert Foster, CPA Certificate No. 328, participated in a disciplinary hearing held November 17, 2004 for failure to obtain the required documentation for the continuing education hours claimed for the years 2002 and 2003. Under the Findings of Fact, Conclusions of Law and Decision, it was the decision of the Board to accept the continuing education hours submitted by Mr. Foster on the express condition that he provide verification from the sponsor of the continuing education claimed within 30 days of the decision. Mr. Foster shall compensate the board for its attorney's fees and costs of \$800 within 30 days of the decision. Mr. Foster's conduct was a violation of Nevada Revised Statute (NRS) 628.385, 628.386, 628.390(1)(c)(d), Nevada Administrative Code (NAC) 628.210 and 628.250.

Pringle & Pollard LLC, participated in a disciplinary hearing held November 17, 2004 for failure to comply with the standards for governmental audits and maintain work papers as required within the provisions of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Under the Findings of Fact, Conclusions of Law and Decision, to

require Pringle & Pollard LLC to work with the complainant to clear up the discrepancy on the 2001-2002 audit as prepared by Pringle & Pollard LLC. The firm shall perform the work within 90 days of the decision at his expense and without any additional expense to the client. The firm shall report back to the Board the resolution of the work required within 30 days after the completion thereof. The firm must pay a fine of \$1000 and compensate the Board for its attorney's fees and costs of \$800 within 30 days of the decision. Pringle & Pollard LLC's conduct was a violation of Nevada Revised Statute (NRS) 628.390(1)(d)(j), Nevada Administrative Code (NAC) 628.500 and Rule 202 of the Code of Professional Conduct.

Formal Complaint

Formal disciplinary complaints have been issued by the board on March 16, 2005 to the following individuals for failure to obtain an annual permit, pay the 2005 renewal fee and furnish evidence of compliance with the CPE requirements according to Nevada Administrative Code (NAC) 628.190 and 628.210:

Susan Eisenberg	Loren Goldtooth
Jeffrey Heath	Bruce Hendrix
Thomas Hearin	Robert Kittredge
Lawson Peters	Norman Richardson
Jackie Royle	Harold Snyder
David Steffey	David Williams

Disciplinary Hearings are scheduled for April 28, 2005 at the board's office at 1325 Airmotive Way, Suite 220, Reno NV 89502. Non-response will result in the revocation of the CPA Certificate.



CPA Certificates Issued

77 CPA Certificates were issued during the period November 17, 2004 through March 16, 2005. 48 certificates were issued by reciprocity and 29 by examination.

CERTIFICATES ISSUED BY RECIPROCITY WERE:

Aguilar, Drew, Anderson, Jason M., Bawden, Shaun M., Berkley, Kent A., Borzelleri, Carmela, Briscoe III, John W., Brokaski, David C., Bulloch, Bruce E., Burrows, Brandon W., Claiborne, Sylvia B., Cox, Mary A., Deitch, Martin K., Elvis, Charles J., Erickson, Mark V., Francone, Vito A., Gilroy, Mark B., Giovannetti, Glen T., Harry, Janet P., Hill, David E., Hing, Lavonne D., Humbarger, Michael L., Indriani, Elisabeth, Janangelo Jr., Peter J., Knobel, Paul J., Kuhen, Ralph C., Leauanae, Joseph L., Leiper, Gary D., Leslie, Robert J., Maxwell, David J., McKittrick, Michael Bruce, Metz, John S., Morcos, Hani Nadi., Phillips, Richard A., Pope, Heidi M.V., Powell III, William P., Rosten, Michael L., Rubino, John A., Sans, Sandra J., Schain, Ronald D., Schifano, Joseph, Schiveley, Richard D., Seichi, Tammy Lee, Spiegel, Jeffrey B., Stanton, Tyrone M., Tang, Huichen Chris, Tarnopolski Jr., Richard J., Thomas, Mark T., Wood, Michael H.

CERTIFICATES ISSUED BY EXAMINATION WERE:

Alfa, Paul, Chiado, Kathryn Liz, Davis, Justin R., DeMarco, Wendy L., Fink, Kelly L., Fleck, Marcie, Hall, Lisa Ann, Harnish, Lyndsay Janele, Hinchliff, Sophie, Holland, Alana M., Holwell, Wade C., Howard, Shelby J., Langkilde, Joseph A., Makley, Mark J., Mavrincac, Wendy A., Meierkord, Tara L., Natenstedt, Donald E., Rice, Jennifer G., Rushton, Terry W., Sandqvist, Par, Sekita, Agnieszka, Shea, Marie S., Sikula, Andrew C., Stamberger, Gregory R., Tese, Robert A., Walker, Tifani A., Weisner, Martin M., Wolfgang, Kimberly Ann, Yu, Chung-Suk.

Appointment Announcement - Committee on Local Government Finance

The Nevada State Board of Accountancy is pleased to announce the re-appointment of Mary Walker, CPA of Carson City and Beth Kohn-Cole, CPA of Reno to serve on the Committee on Local Government Finance. The re-appointment period will be from April 1, 2005 – March 31, 2008.

Board Seeks Independent CPA to Serve as Reviewer for Audit, Review & Compilation Services

The Nevada State Board of Accountancy has a Pre-Release Review Procedure in place for individuals that have been disciplined by the Board for non-compliance with the professional standards in the preparation of Audit, Review and Compilation services.

The licensee must have a Pre-Release Review of any audit, review or compilation reports prior to release of the report to the client. An independent CPA that is approved by the Board must conduct the review. The licensee is responsible for any costs incurred with the independent review.

If the reviewer finds no areas of concern in the audit, review or compilation report it may be released to the client with a report submitted to the Board at their next scheduled meeting. If discrepancies are found, they must be corrected by the disciplined licensee and a report made to the Board. The pre-release period will continue through the specified time period and possibly beyond until the Board, in writing, releases the disciplined licensee from the provision.

The board would like to develop a list of qualified CPAs that are interested in conducting Pre-Release Reviews as described above. If you are interested in serving on a panel of approved reviewers, please complete the information below and submit it to the board. Please contact the board office directly for additional information on the Pre-Release Review Procedure.

Nevada State Board of Accountancy
1325 Airmotive Way, Suite 220
Reno, NV 89502
Phone: (775) 786-0231
Fax: (775) 786-0234
Email: cpa@nvaccountancy.com

Yes, I am interested in serving as an approved reviewer for the Pre-Release Review Procedure.

Name _____

Address _____

City _____ State _____ Zip _____

Phone _____ Fax _____

Email _____

Board Seeks Licensee Volunteer to Serve on Fact Finding Panel

As provided within Nevada Revised Statutes 288.202, Formation of panel to determine whether findings and recommendations of fact finder are final and binding, the Nevada State Board of Accountancy is required to maintain a list of interested licensees to serve on the fact finding panel. The panel generally meets once a year based on the requests as received by the Commissioner of the Local Government Employee-Management Relations Board. Licensees that are selected to serve on a particular panel are entitled to receive compensation of \$150 for each day engaged in the business of the panel and expenses as prescribed in NRS 281.160.

Licensees interested in volunteering for service on this panel should return the following information by mail, fax or email. Please contact the Board office if you have any questions regarding the panel.

Nevada State Board of Accountancy
1325 Airmotive Way, Suite 220
Reno, NV 89502
Phone: (775) 786-0231
Fax: (775) 786-0234
Email: cpa@nvaccountancy.com

Yes, I am interested in serving on the Fact Finding Panel.

Name _____

Address _____

City _____ State _____ Zip _____

Phone _____ Fax _____

Email _____

Computer Based CPA Exam Statistics

Following are the results and statistical breakdown by category from the October/November 2004 and January/February 2005 testing windows of the computerized CPA examination. The board is beginning to see an increase in the amount of candidates applying for the examination as more individuals feel comfortable with the new process of registering and the format of the computerized CPA examination.

October – November 2004 Examination Window

	<u>AUD</u>	<u>BEC</u>	<u>FAR</u>	<u>REG</u>
Total Examinees by Subject	41	33	35	29
Examinees Passing by Subject	13	12	9	11
Percent Passing to Total	32	36	26	38

January – February 2005 Examination Window

	<u>AUD</u>	<u>BEC</u>	<u>FAR</u>	<u>REG</u>
Total Examinees by Subject	25	37	33	28
Examinees Passing by Subject	11	14	14	10
Percent Passing to Total	44	38	42	36

National Average Passing Rates

Below are the pass rates for each section of the exam during the 2004 testing windows. Please recognize that you cannot compare the passing rates for the paper based CPA exam and the computerized examination due to differences in format, content, and administrative processes.

Section	April/May Percent pass	July/August Percent pass	October/November Percent pass	Cumulative Percent pass
AUDIT	48%	43%	39%	43%
BEC	44%	45%	45%	45%
FAR	47%	44%	38%	42%
REG	47%	43%	35%	41%

2005 Calendar of Important Dates

Board Meeting Schedule

May 20	Las Vegas Clark County Library, 1401 E. Flamingo Rd.
July 15	Reno Meadow Wood Courtyard, 5851 S. Virginia St.
September 16	Las Vegas Clark County Library, 1401 E. Flamingo Rd.
November 18	Reno Meadow Wood Courtyard, 5851 S. Virginia St.

NASBA Regional Meeting

June 22 – 24 Anchorage, AK

NASBA Annual Meeting

October 30 –
November 2 Tucson, AZ

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

Members of the Board:

Harry O. Parsons, CPA, Reno, President
Sharon J. McNair, CPA, Las Vegas, Sec/Treas
Bonnie M. Houldsworth, CPA, Las Vegas
Charles A. Morrison, CPA, Reno
Raja Mourey, MBA, Las Vegas
Patrick M. Thorne, CPA Las Vegas
Kathy L. Zeller, CPA, Las Vegas

Board Staff & Legal Counsel:

Viki A. Windfeldt, Executive Director
Leslie C. Walsh, Board Coordinator
Todd J. Russell, Legal Counsel

Web Site: www.nvaccountancy.com

Printing: www.digiprintcorporation.com

Have You Moved?

NAC 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. # _____

Mail this form to:

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

Change of Employment:

Company: _____
Address: _____
City: _____, State: _____ Zip Code: _____
Phone #: (____) _____ - _____ Business
Date of Change: _____

or Fax to:

775-786-0234

or Email to:

cpa@nvaccountancy.com

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U.S. Postage
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1325 Airmotive Way, Suite 220
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