

**NEW JERSEY STATE BOARD OF ACCOUNTANCY
PUBLIC SESSION MINUTES
FEBRUARY 21, 2013
HUDSON ROOM - 6TH FLOOR**

I Call to Order and Roll Call - 9:30 A.M.

A meeting of the New Jersey State Board of Accountancy was convened in accordance with the provisions of the Open Public Meetings Act. Pursuant to those provisions, the proper notifications were made to the Office of the Secretary of State, the Camden Courier-Post, the Trenton Times, the Asbury Park Press, the Record, and the Star-Ledger. Board President, Keith Balla called the meeting to order at 9:35 a.m. The following roll call was taken:

Keith Balla, CPA	Present
Jorge A. Caballero, CPA	Present
John F. Dailey, Jr., CPA	Present
Sara L. DeSmith, CPA	Present
Daniel J. Geltrude, CPA	Excused
Hal Model, CPA	Present
Ainsley A. Reynolds, CPA	Present
Michael H. Runge, CPA	Present

Also present at the meeting were William Mandeville, Executive Director, Tobey Palan, Deputy Attorney General, Melba Rodriguez, Secretarial Assistant; Marie Lisa, Staff; Khaled Madin, Government Representative; Jaleila Wilson, Staff; Ralph Thomas, Executive Director, NJSCPA; Jeff Kaszerman, Government Relations Director, NJSCPA and David Plaskow, Editor, NJSCPA Magazine.

II Minutes of the Meeting of January 17, 2013

On a motion made by Jorge Caballero, seconded by Ainsley Reynolds, the Board voted to approve the January 17, 2013 Public Session minutes with corrections. The vote of the Board was unanimous.

III President's Remarks

Board President Balla had no report for the Board.

IV Executive Director's Remarks

Executive Director Mandeville had no report for the Board.

V New Business

A Mauricio Canto, CPA

Correspondence was received from Mr. Canto wherein he requests information pertaining to the administration of the RMA examination for the past five years.

On a motion made by John Dailey, seconded by Ainsley Reynolds, the Board voted to enter into Executive Session at 9:41 A.M. to discuss this matter further. A report will be made in Public Session regarding this matter.

The Board returned into Public Session at 10:10 A.M.

The Board has determined that Mr. Canto will be provided with the number of candidates that have taken the exam from 2008 to 2012 and the name of the prepares and graders of the RMA examination.

The Board would also like to inform Mr. Canto that the exam will continue to be administered one time a year in December due to the amount of candidates. The Board also informed everyone that when candidates are notified of their grades and are also informed that they are able to request to review the results of their grades.

VI NASBA Matters

Focus questions for Board review and discussion. Responses to the questions are due back by April 8, 2013.

The Board answered the Focus Questions and they will be forwarded to NASBA.

VII Committee Reports

A CPA Examination Committee

Harold Model had no report for the Board.

B Ethics Committee

No report was given.

C CPE Committee

Sara DeSmith had no report for the Board.

D RMA Committee

John Dailey had no report for the Board.

E Peer Review Oversight Committee

John Dailey reported to the Board that a Committee meeting was held on January 17, 2013 following the Board meeting. In attendance were John Dailey, Sara DeSmith, Robert Cagnassola, Andrew DuBoff, Larry Gray, Mike Polito Tobey Palan and Brianne Drummond.

Mr. Dailey informed the Board that Brianne gave an update on the status of our program. There are approximately 3,200 active firm (3,092 firms in state, 92 out of state, with 20 firms pending). A total of 1,805 reported that they received a report of "Pass" or are "Exempt" firms. Brianne is working to further determine the number of "Pass" or "Exempt" firms. To date, 33 firms reported a report rating of "Fail", 23 firms reported a report of "Pass with Deficiencies" and there are approximately 1,300 firms yet to be accounted for. Robert Cagnassola asked about the status of the Excel spreadsheet that he assisted in developing and Brianne explained that only a limited number of fields could be accessed at a

time. The Committee believes that this makes Brianne's job a bit more difficult. John Dailey stated that he would discuss the matter with Executive Director to if he could speak with the folks at IT.

At the October meeting, the Committee discussed modification to two existing forms. Thus far, these changes have not taken place. Since Mr. Cagnassola has the originals, Mr. Dailey and Mr. Cagnassola will get together to make the changes and provide them to Brianne as soon as possible. Those specific changes are:

- 1 Peer Review Compliance forms. Changes include modifications to clearly state that both the PR Report and the Letter of Acceptance by the Sponsoring Organization must be filed along with the form.
- 2 Affidavit for Exemptions from Peer Review Form. Changes include amending item number 4 as follows (change in *italics*): "I have reviewed the firm's work product for the last 12-month period, and none of the services requiring participation in the Board's Peer Review Program, as noted above, apply to the firm."

Brianne distributed a checklist type form for Peer Review Submission Requirements. The form was very well done but as a follow-up Larry Gray agreed to review it to make sure there were no omissions.

Brianne stated that there were no issues with applications for Exemptions status but we reviewed a firm that we had discussed in October. Tronza Fuccillo CPAs, requested reconsideration of their denied request form. After brief discussion, Brianne was directed to have the firm resubmit the Exemption form and approve it. Se should remind them, however, that if they have a change in status they need to inform the Board within 30 days.

Brianne then distributed a complete list of state CPA Societies that sponsored as Sos under the AICPA's program. After a brief review, we determined that all 55 licensing jurisdictions are enrolled.

The Committee thanked Brianne for her efforts on behalf of the program.

Mr. Dailey asked DAG Palan for an update on the confidentiality letter submitted to the State Ethics Officer that we need to have signed by any PROC member who visits a Sponsor Organization for the purposes of monitoring their program in accordance with NJAC 13:29-5.7(d). DAG Palan stated that the matter had not yet been resolved but felt that the matter was close to resolution. She anticipates no problems.

The Peer Review Oversight Committee has scheduled another meeting for April 18, 2013 immediately following the Board meeting scheduled on that day.

F Education Committee

Ainsley Reynolds reported to the Board that the NJ Society meeting he was going to attend was postponed until March 1st.

G Reciprocity Committee

Jorge Caballero had no report for the Board.

H Nominating Committee

No report was provided.

I Statute/Rules/Regulations Committee

John Dailey reported to the Board that he attended a NASBA meeting, held in Phoenix, Arizona. The Ethics Code of Professional Standards were discussed. There will be an Exposure Draft sent out sometime around April 15, 2013 that will expire in 120 days. It consists of approximately 300 pages. Mr. Dailey informed the Board that he forward the language to Regulatory Analyst Glasgow regarding Code of Professional conduct to be added to the Board rules.

Regulatory Analyst Glasgow will attend the March 21, 2013 Board meeting.

J Monitoring Profession Committee

John Dailey reported to the Board that he recently attended a meeting of the Ethics and Strategic Issues Committee of NASBA in Phoenix, AZ. During that meeting, the AICPA's Codification Project was discussed. That Project has been ongoing for several years and involves the re-write of AICPA's Code of Professional Conduct with the objective of creating a more user friendly, intuitively arranged document to improve clarity. The new Code will be exposed on April 15, 2013 with a comment period of 120 days. Mr. Dailey explained that the ESIC Committee discussed how various Boards reference the Code in their regulations and the importance of Board's keeping their regulations up to date with the Code. Mr. Dailey then reported that while our regulations refer to GAAP and GAAS, there is currently no specific reference to the Code of Professional Conduct although the Code is frequently used when a matter is not included in our regulations. He requested that the Board consider language referencing the Code relative to matters where the Board's regulations are silent. After a brief

discussion, it was agreed that Regulatory Analyst Glasgow be requested to consider appropriate language relative to the Code to be inserted into our regulations.

Regulatory Analyst Glasgow will attend the March 21, 2013 Board meeting.

VIII Public Comments

Ralph Albert Thomas, CEO and Executive Director of the New Jersey Society of CPAs, provided the following update regarding the Society's key dates and activities/initiatives:

March 8, 2013- The Society will be a sponsor of the NJBIA Meet the Decision Makers Breakfast featuring the State Treasurer as the keynote speaker.

April 25, 2013- The Society's 53rd Annual Scholarship Awards Ceremony, Renaissance Woodbridge Hotel, Iselin, NJ.

May 15th-16th, 2013- The Society's Annual Accounting, Business & Technology Show will be held at the Meadowlands Exposition Center in Secaucus, NJ.

May 28th, 2013- The Society will co-sponsor CIANJ's Annual Legislative One-on-One Dinner at Nanina's in the Park in Belleville, NJ.

June 12-14, 2013 - Annual NJSCPA Convention and Expo at Bally's in Atlantic City, NJ.

Mr. Thomas reported that the Society would be focused on and /or monitoring the following:

Governor's budget address on Tuesday February 26th in Trenton, NJ.

Actions following the decision in a suit against the IRS which resulted in an injunction against the Service to regulate registered tax preparers. As a result of the decision, tax preparers would not be required to take a competency exam and CPE. The IRS is deciding whether it will appeal the lower court decision.

Activity on the AICPA's Financial Reporting Framework now that the January 31st comment period has ended. The Society's A&A Committee issued a comment letter which expressed the need for effective education and communication of regulators and external stakeholders.

Activities regarding the AICPA's National Commission on Diversity and Inclusion in the Accounting Profession. Mr Thomas noted that he was appointed to the Commission and had recently attended a meeting of the Commission in Durham, NC.

On a motion made by Jorge Caballero, seconded by Ainsley Reynolds, the Board voted to adjourn the Public Session meeting at 11:05 A.M. to reconvene in Executive Session to discuss one matter of New Business, three matters of Old Business and six Consumer Complaints. The vote of the Board was unanimous.

Respectfully submitted,

William Mandeville
Executive Director