

**NEW JERSEY STATE BOARD OF ACCOUNTANCY
PUBLIC SESSION MINUTES
OCTOBER 18, 2012
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 9:40 a.m. The following roll call was taken:

Keith Balla, CPA	Present
Jorge A. Caballero	Present
John F. Dailey, Jr., CPA	Present
Sara L. DeSmith, CPA	Present
Daniel J. Geltrude, CPA	Present
Hal Model, CPA	Present
Ainsley A. Reynolds, CPA	Excused
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; Jeff Kaszerman, NJSCPA; David Plaskow, Editor, NJSCPA Magazine and Felician College students Michael Lagala and Chris Giordano.

II Minutes of the Meeting of September 20, 2012

On a motion made by John Dailey, seconded by Sara DeSmith, the Board voted to approve the September 20, 2012 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 Darlene Kane - 10:00 A.M.

Darlene Kane, Budget Officer for the Division of Consumer Affairs visited the Board to explain how the Board's budget is utilized. Ms. Kane informed the Board that each Board has its own account. Every year the Boards are appropriated money by Treasury. The monies collected cover all the Board's overhead.

VI UNIFORM PENALTY LETTER IN LIEU OF FORMAL COMPLAINT FOR CPE AUDIT - RENEWAL PERIOD 01/01/08 thru 12/31/11

A REQUESTED VOLUNTARY SURRENDER

1 Jose DeJesus

On a motion made by John Dailey, seconded by Jorge Caballero, the Board voted to approve Mr. DeJesus' request for voluntary surrender. The vote of the Board was unanimous.

B PAID PENALTY AND REQUESTED INACTIVE-PAID STATUS

1 Annamarie Sornson - \$1,000 - paid

On a motion made by John Dailey, seconded by Harold Model, the Board voted to approve Ms. Sornson's paid penalty and request to place her CPA license in inactive status. The vote of the Board was unanimous.

C REQUESTED BOARD TO CONSIDER EXPLANATION

1 Brian J. McGrady

On a motion made by John Dailey, seconded by Sara DeSmith, the Board voted to uphold the UPL issued to Mr. McGrady. The vote of the Board was unanimous.

VII Old Business

A Thomas W. McDonnell

This matter was reviewed at the September 20, 2012 Board meeting and matter was tabled and forwarded to the October 18, 2012 agenda for review.

John Dailey recused himself from this in this matter.

On a motion made by Keith Balla, seconded by Jorge Caballero, the Board voted to accept the 81 credits. Mr. McDonnell is to make up 39 miscellaneous credits within 120 days. The UPL issued to be reduced from \$8,000.00 to \$1,500.00. The vote of the Board was unanimous.

B Charles R. Blades

This matter was reviewed at the February 17, 2011 Board meeting. Mr. Blades has submitted additional information for Board consideration.

On a motion made by John Dailey, seconded by Jorge Caballero, the Board voted to rescind the UPL issued. The \$500.00 fine is to be refunded to Mr. Blades and he is to be informed that he must supply the Board with his CPE credits for 2011. The vote of the Board was unanimous.

VIII Request for Reinstatement

A Lauren Wilson

On a motion made by John Dailey, seconded by Harold Model, the Board voted to inform Ms. Wilson that she needs to provide 120 CPE credits prior to the date of application for reinstatement. The vote of the Board was unanimous.

IX Committee Reports

A CPA Examination Committee

Harold Model had no report for the Board.

B Ethics Committee

Daniel Geltrude informed the Board that Financial Focus would like to have their webcast on 10/24/12 from 9 a.m. to 12 noon. Mr. Geltrude would like to know if any of the Ethics Committee members would be available to attend the webcast.

Since none of the Committee members were available, Mr. Adamo is to be informed that he must provide additional dates to observe his webcast.

C CPE Committee

Sara DeSmith had no report for the Board.

D RMA Committee

John Dailey reported to the Board that the RMA exam is scheduled for Friday, December 7, 2012 at the State Office Building and volunteers to proctor the exam are needed. Mr. Dailey informed the Board that he would be available and Board President Balla would also be available. Mr. Model and Ms. DeSmith informed the Board that they would be available in the morning to assist with the proctoring of the examination. Mr. Geltrude informed the Board that he would be available in the afternoon.

On a motion made by John Dailey, seconded by Daniel Geltrude, the Board voted to approve Robert Cagnassola and John Tully to assist in the grading of the RMA exam. The vote of the Board was unanimous.

E Peer Review Oversight Committee

John Dailey reported to the Board that a Peer Review Oversight Committee meeting was held on October 14, 2012. Mr. Dailey informed the Board that letters were mail to firms that have not responded to the Peer Review. The annual date to file Peer Review exemptions is June 30 of each year.

The Peer Review Oversight Committee's next meeting will be January 2013. The Committee will meet on a quarterly basis.

1 Olga Tronza Fuccillo, CPA

A request for exemption was received from Olga Tronza Fuccillo, CPA.

On a motion made by John Dailey, seconded by Daniel Geltrude, the Board voted to deny Olga Tronza Fuccillo, CPA's request for exemption since she was performing compilations on an ongoing basis. The vote of the Board was unanimous.

F Education Committee

No report was provided.

G Reciprocity Committee

Jorge Caballero had no report for the Board.

H Nominating Committee

Daniel Geltrude had no report for the Board.

I Statute/Rules/Regulations Committee

Chairman Dailey gave a summary of proposed changes to Board Regulations as approved by the Committee for consideration and adoption at the November 15, 2012 meeting:

N.J.A.C. 13:29-1A.3

Change the semester hours required to sit for the exam with a baccalaureate degree to read "...120 semester hours, **including at least 24 semester hours in accounting and auditing and at least 24 semester hours in business courses (other than accounting courses).**

N.J.A.C. 13:29-3.1

Regarding independence, change "in fact" to "**in mind**" in order to be consistent with professional standards.

N.J.A.C. 13:29-6.2

Regarding requirements for CPE subject matter, the reference to "Accounting" had been previously omitted. That language will now read "...at least 24 credit hours in the areas of **accounting or auditing, which may include** review and compilation..."

In addition, the entire section at the end relative to "didactic instruction" has been deleted.

N.J.A.C. 13:29-6.5

Section **(a)4** was changed to allow for the new "word count" method of determining credits earned for self-study courses. In order to accomplish this, language has been inserted referencing the standards established by NASBA and the AICPA relative to credits earned for individual study programs.

In addition, a section is added to replace the "didactic instruction" rules relative to Group Internet based programs consistent with NASBA and the AICPA standards.

Other charges were recommended to the Status, Rules and Regulations committee by the PROC relative to Peer Reviews. They are:

N.J.A.C. 13:29-5.3(b)

In this section, all "qualified sponsoring organizations" will be removed and a list of Board approved organizations will be included on the Board's website. That website will be referenced in this section.

N.J.A.C. 13:29-5.4

There has been considerable confusion regarding when forms for requests for exemption of Peer Review are due. To resolve this, in section “(b)”, the phrase **“no later than June 30”** will be added.

A final draft of the regs will be made available prior to the November meeting so that the Board can approve these changes and the process begun. Chairman Dailey thanked DAG Palan and Regulatory Analyst Greenblatt for their excellent work on behalf of the Committee.

J Monitoring Profession Committee

John Dailey had no report for the Board.

X Public Comments

Jeff Kaszerman, Director of Government Relations, NJSCPA provided a report on behalf of the Society’s CEO and Executive Director, First and foremost, Ralph extends his apologies for not being here today. He is attending the first ever NJ Major Firms Managing Partner Retreat, which the NJSCPA is hosting at the Crystal Springs Resort in Hamburg, NJ. The retreat brings together Managing Partners and firm leaders from 25 of the State’s top 50 firms below the Big Four accounting firms. These MPs and firm leaders will discuss some of the issues facing the accounting profession today and in the near future. They will then be led by two of the country’s leading strategic thinkers on a journey to examine what firms need to do to remain relevant and positioned for growth.

Important Society Dates

- October 17 & 18, 2012- NJSCPA Major Firm Managing Partner Retreat at Crystal Springs Resort, NJ
- ▬ November 1, 2012- NJSCPA Women’s Conference at the Renaissance Hotel, Iselin, NJ 8:00am to 5:30pm, where the Society’s Women of Note will be formally recognized and honored.
- ▬ November 7-11, 2012- NJSCPA Professional Development Conference, Captiva, FL
- ▬ December 7, 2012 - NJSCPA Board Meeting and Holiday Leadership Luncheon at NJSCPA headquarters in Roseland, NJ, 9:00am-12:30pm. Holiday luncheon immediately following the end of the Board meeting. Members and staff of the State Board of Accountancy are invited to attend. Formal invitations will be forthcoming.

- December 11th- NJBIA Public Policy Forum for which the Society is a sponsor and participant on the Economic Outlook Panel.

Society Activities and Engagements on the Legislative and Regulatory Front

The Society continues to monitor activity regarding A-1545 and S-3141, which propose changes to Title 45 of the New Jersey statutes addressing license reciprocity and reinstatement of suspended licenses. While these bills have bipartisan support in both the Senate and Assembly, it appears that advocate groups for the realtors and funeral directors have issues and concerns with the proposed legislation. We hope these issues and concerns will be resolved so that the bills can be moved out of the respective Senate and Assembly committees, and posted for floor votes in both houses by calendar year end. Amendments proposed by the Society to the Assembly bill were positively received and incorporated in the latest version of A-1545.

Updates regarding the following legislative and regulatory activities in Trenton and Washington, DC were provided:

- There has been no movement on the Appeal Bond Cap Legislation which the Society supports. This legislation continues to be stalled in the Senate Judiciary Committee, and is unlikely that any action will be taken before the end of the calendar year.

Additional Comments/Questions

- The Financial Accounting Foundation (FAF) appointed members to the Private Company Council (PCC). The PCC is a new body that will work with FASB to determine whether and when to modify U.S. Generally Accepted Accounting Principles. Billy Atkinson, former Chair of NASBA, was named Chair of the PCC.
- California's Governor signed the bill passed by the California legislature to implement mobility. The recently signed bill will become effective July 1, 2013.
- The Society has submitted a proposal to the State Board for its review and consideration to accept the Society's CPE Tracker as opposed to individual licensee credit letters (for Society CPE only) as documentation of CPE courses taken. As mentioned at the September Board meeting, the Society believes its tracking system captures the necessary information the Board would need to verify a licensee's CPE compliance. Additionally, the Society believes that by utilizing the Society's CPE Tracker, the Board's CPE review process can be streamlined and staff review time decreased.
- The Society's annual Career Night, which was held at the Pines Manor in Edison, NJ, was extremely successful. More than 300 students from more than 25

colleges in the tri-state area attended the event, and met with representatives from more than 35 CPA firms and colleges to discuss career opportunities and post baccalaureate educational opportunities.

- Since the Board's last meeting, the Society has received inquiries from licensees regarding the lack of clarity and accessibility of information on the Board's website regarding CPE UPLs received by a licensee. Additionally, the notation of Board Action reflected by their names has caused concerns amongst third parties performing background checks on licensees. We would ask that the Board give consideration to providing licensees a letter (upon request) indicating their completion of the CPE shortfall and payment.

On a motion made by John Dailey, seconded by Harold Model, the Board voted to adjourn the Public Session meeting at 11:45 A.M. to reconvene in Executive Session to discuss the results of the Investigative Inquiry conducted, five New Business matters, three Old Business matters, one UPL for CPE Audit matter, CPE Sponsor letter, PCAOB matter and three Consumer Complaints. The vote of the Board was unanimous.

Respectfully submitted,

William Mandeville
Executive Director