

NEW JERSEY STATE BOARD OF ACCOUNTANCY

Public Session Minutes November 18, 2003

PNC ARTS CENTER - ROBERT B. MEYNER HALL HOLMDEL, NEW JERSEY

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 Office of the Secretary of State, the Camden Courier-Post, the Trenton Times, the Asbury Park Press, the Record and the Star-Ledger. Herbert Lipman, President of the Board, called the meeting to order at 3:00 P.M. The following roll call was taken:

Keith Balla, CPA	Present
Elizabeth Burns, CPA	Present
Robert Cagnassola, CPA	Present
Andrew DuBoff, CPA	Present
Bennie Hadnott, CPA	Present
Albertus Jenkins, Public Member	Absent
Aubrey Kosson, CPA	Present
Herbert Lipman, CPA	Present
Alfonso Pisano, Esq., Public Member	Present
Margaret Shoe, Public Accountant	Present
Robert Sommer, Public Accountant	Present
John Tully, CPA, Government Member	Present

Also present at the meeting were William Mandeville, Executive Director; Marianne Greenwald, Deputy Attorney General; Dale Nelson, CPA, Director of Accountancy; Melba Perez, Assistant to the Acting Executive Director; Elaine DeMars, Acting Executive Director (Outgoing); Ralph Thomas, Executive Director, NJSCPA; Mike Polito, CPA, Past President, NJSCPA; James Evans, CPA, President, NJSCPA; John LaPilusa, President-Elect, NJSCPA; David Costello, President & CEO, NASBA.

I. Minutes of the Meeting of October 16, 2003

The Board reviewed the minutes of the meeting of October 16, 2003, and on a motion by Alfonso Pisano, seconded by Robert Sommer, the Board voted to accept the amended minutes. The vote of the Board was unanimous.

II. President's Remarks

Mr. Lipman commenced the Board meeting by asking the Board to spend a moment of silence in memory of John Meade, former Executive Director of the New Jersey State Board of Accountancy.

Mr. Lipman took this opportunity to welcome the new Executive Director William Mandeville to the New Jersey State Board of Accountancy. Elaine DeMars was the previous Acting Executive Director for six months and she did an

excellent job while working with the Board. Mr. Lipman extended thanks on behalf of the Board for a job well done. Mr. Lipman feels that Mr. Mandeville will continue the good work.

Mr. Lipman commented on the NASBA 96th Annual Meeting which was held in Maui, Hawaii. From the New Jersey Board, Andrew DuBoff, Robert Cagnassola, Robert Sommer, Bennie Hadnott and Mr. Lipman attended the meeting. Mr. Lipman felt that the speakers were excellent and that this was the best attended meeting in recent years. There were 250 delegates and 250 guests at the meeting. The meeting was very informative and it had a speaker from PCAOB. This meeting emphasized the need to reinstate public confidence. Good information was given regarding the CBT examination. Arleen Thomas gave a good speech. Mr. Hadnott advised the Board that this was his first time attending an annual meeting and that it was very informative. Mr. Sommer felt that the meeting was very positive. There were many questions asked regarding CBT and the answers were informative.

PCAOB updated their online information for anyone to look at and it has been very helpful. This was one of the best meetings and everyone enjoyed it. Mr. Cagnassola reported that many of the issues in question were covered and you never lost track of what was being said. Mr. DuBoff stated that the meetings were very well coordinated and that whenever any changes occur everyone will be notified. There were many people from all over the country at this meeting.

Mr. Lipman continued with the reports on the CPA examinations. Mr. Hadnott attended the Somerset examination. He felt that there were about 20% no shows last time and this time there were about 10% no shows. Ms. Burns reported that she attended both days of the Wildwood examination. She feels that this was a bad site for the exam. On Thursday of the exam about 3" inches of rain fell. It was very noisy because the rain was falling very hard on the roof. The audio system was not working properly and the examiner was hard to hear. The room was very cold. Mr. Balla attended the Somerset site and he felt that it was run well. There were about 1,100 people there. Mr. Cagnassola attended the Somerset site. He had very little to add except that people from the AICPA were there to video tape the last pencil and paper examination. At first the facility manager did not want to allow them to video tape. He asked Mr. Cagnassola since he was there and was a member of the State Board if he thought there would be a problem. Mr. Cagnassola advised that he felt there would be no problem. The candidates were video taped from the back. Their faces were never shown.

Mr. Lipman advised the Board that there will be some focus questions that must be reviewed and completed for the December Board meeting. Mr. Lipman reminded everyone that after the December Board meeting the Christmas party will take place at Arthur's.

III. Executive Director's Remarks

William Mandeville thanked everyone for welcoming him to the Board and he is looking forward to working with everyone. He advised the Board that he is also the Executive Director to the Mortuary Science Board. Mr. Mandeville also thanked Elaine DeMars for her good work while being the Acting Executive Director of the Board.

IV. Request for Waiver to Endorse License

A. Michael R. Coluzzi

Michael R. Coluzzi is requesting a waiver to reciprocate his Pennsylvania license. Mr. Coluzzi is lacking two semester hours in Business Law, two semester hours in Finance and four semester hours in Business Electives.

On a motion made by Robert Cagnassola, seconded by Robert Sommer, the Board voted to waive two semester hours in Business Law, two semester hours in Finance and four semester hours in Business Electives and approve Mr. Coluzzi for reciprocity. The vote of the Board was ten in favor with Andrew DuBoff abstaining.

B. William P. Hoffman

William P. Hoffman is requesting a waiver to reciprocate his Pennsylvania license. Mr. Hoffman is lacking 5.33 semester hours in Accounting.

On a motion made by Robert Sommer, seconded by Andrew DuBoff, the Board voted to waive the 5.33 semester hours in Accounting and approve Mr. Hoffman for reciprocity. The vote of the Board was unanimous.

C. Robert A. Schmidt

Robert A. Schmidt is requesting a waiver to reciprocate his New York license. Mr. Schmidt is lacking two semester hours in Business Law and two semester hours in Finance.

On a motion made by Alfonso Pisano, seconded by Margaret Shoe, the Board voted to waive the two semester hours in Business Law and two semester hours in Finance and approve Mr. Schmidt for reciprocity. The vote of the Board was unanimous.

D. Jennifer A. Schramm

Jennifer A. Schramm is requesting a waiver to reciprocate her Pennsylvania license. Ms. Schramm is lacking .7 semester hours in Finance.

On a motion made by Margaret Shoe, seconded by Robert Cagnassola, the Board voted to approve Ms. Schramm for reciprocity based on her experience. The vote of the Board was unanimous.

E. Amy L. Weller

Amy L. Weller is requesting a waiver to reciprocate her Pennsylvania license. Ms. Weller is lacking three semester hours in Business Law.

The Board reviewed this file and feels that Ms. Weller met all the Pennsylvania State requirements when she took the exam, she met all the education requirements to pass the exam and has the experience so she is qualified to be licensed in New Jersey.

On a motion made by Robert Cagnassola, seconded by Andrew DuBoff, the Board voted nine in favor to waive three semester hours in Business Law and approve Ms. Weller for reciprocity, with Margaret Shoe and Keith Balla opposing.

F. Peter Mendes

Peter Mendes is requesting a waiver of three semester hours in Finance to reciprocate his Pennsylvania license. This matter was previously reviewed at the July 31, 2003 Board and a motion was made to bring it before the Board to be reviewed again.

On a motion made by Andrew DuBoff, seconded by Robert Cagnassola, the Board voted to waive the three semester hours in Finance and approve Mr. Mendes for reciprocity. The vote of the Board was unanimous.

V Prometric Site Visit

Robert Sommer submitted his evaluation of the Fair Lawn, NJ Prometric testing facility.

Mr. Sommer had visited this testing site when it was at a different location. Mr. Sommer reported that there was no sign outside the building identifying that it is a Prometric testing facility. There is not much different from his last site visit but this location is better.

John Tully visited the Toms River, NJ Prometric testing facility. He found that there were a few problems to report. The morning he was there, Mr. Tully reported that there was a sign outside that said "Closed". There were computer problems that were quickly resolved. The security camera on the wall had fallen off. When being admitted to the testing site, the applicants were not being asked for two forms of identification as is required. When anyone needed to use the lavatory they were not asked for identification when returning. The facility itself it good but there were problems on the day of the evaluation.

Keith Balla was to visit the Union, New Jersey site, but he was advised that they are in the process of moving to another location.

VI AICPA Issues

A. Task Force Recommendations

The Board office received a report from the Financial Relationships' Task Force regarding the guidance contained in the ethics rulings.

The Board reviewed the information and accepted it as informational.

B. AICPA Letter

The Board office received a letter from the AICPA regarding a demonstration of the system for the computerized CPA Examination.

The Board reviewed the information and accepted it as informational.

VII Committee Reports

A. CPA Examination Committee

Mr. Kosson gave a report on the performance of New Jersey candidates on the May and November 2002 CPA examination.

B. Ethics Committee

Ms. Burns reported that Tim Garrity wants to prepare a distance learning Ethics Course but he will need guidance.

Ms. Burns reported that the individual from Stockton College that she was working with has left and the material is now being revised and as soon as it has been completed, the changes will be sent to the Board.

Ms. Burns also reported that she has been working with Jim Hardenberg and Mike Polito and will be reporting back to the Board in March.

The New Jersey Society submitted their revisions and their course appears to be very good. They have added more information on the Board's complaint procedure. The information submitted has been refined.

On a motion made by Elizabeth Burns, seconded by Margaret Shoe, the Board voted unanimously to approve the Whitman course.

C. CPE Committee

Mr. Sommer reported that he has been reappointed to the NASBA CPE Committee.

D. RMA Committee

Mr. Cagnassola reported that the RMA examination will take place the first Saturday in December. As of November 18, 2003 there are 15 people expected to take the examination. He also reported that Rutgers recently cancelled its RMA review course.

E. QE Committee

Mr. Nelson reported on the meeting of November 6th. Mr. Nelson was pleased with the results from the reports submitted to the Committee. Mr. Nelson will follow up with the people who have not responded. Mr. Nelson reported

that there is a meeting scheduled for next year. There is no final tally as of yet as to how many CPE reports have been audited.

F. Education Committee

Mr. Kosson had no report for the Board.

Ms. Shoe reported that there seems to be inaccurate information being given by the NJSCPA regarding the CBT examination. They are telling candidates that they must pass all four parts on the first attempt.

G. Reciprocity Committee

Ms. Shoe asked that if anyone who attended the NASBA 96th Annual meeting in Maui, Hawaii obtained any information regarding reciprocity, to please forward it to her for review.

H. Nominating Committee

Mr. Sommer had no report for the Board.

I. Rules/Regulations Committee

Mr. DuBoff and Mr. Sommer will be getting together to consider a joint project regarding the new CPE standards.

J. Professional Liaison Committee

Mr. DuBoff reported that the Sox Challenge was the subject of discussion at the NASBA October Board Meeting and the issues considered were very important.

The NASBA Board also approved the continuation of the development efforts relating to a National CPA database. Mr. David Costello will be giving a report on that.

NASBA has submitted to the AICPA seven names to serve on its Auditing Standards Board, ultimately, five will be selected. Mr. DuBoff reported that he was selected as Chair of the Administration and Finance Committee of NASBA for the coming year.

K. Planning Committee

Mr. Sommer brought to the attention of the Board an article that he read which was produced by the late Joel Rogoff. The article deals with the activities of the Board. He advised Mr. Mandeville that it must be updated and put in a future newsletter. When done it should be in hard copy and also put on the website.

Ms. Shoe inquired of the Board as to whether or not individuals that are supposed to obtain the 150 hours are being checked to make sure that they have fulfilled the requirements. Mr. Lipman advised that they are being reviewed by CPAES before being sent back to the Board for licensure.

VIII. Public Comments

David Costello, President & CEO of NASBA, thanked the Board for having him as the guest speaker for the Certificate Ceremony and said that he was glad to meet all the members of the New Jersey State Board of Accountancy.

Mr. Costello reported that NASBA is pleased with the leadership that the Boards are taking all over the country. A lot of the confusion that people are feeling will be eliminated soon. We need to recognize and approve substantial equivalency. There needs to be some type of communication in order to come to some agreement. The UAA will be a communication factor. The public does not care about such matters as how many CPE credits an accountant has. The public is more interested in how the accountant effectively does his or her job. The Boards need to come together in resolving the big things. The public needs to know if someone is working contrary to standards. This is why the United States needs a

database. When you look up information on a database, all the information should be on there. It will let the public know if there has been a previous crime committed or if the CPA is working contrary to standards. If this information is available to the public then they will feel better about the individual who is working for them. Anyone seeking information on a CPA would have access to the database. Information on Sarbanes/Oxley in each state can be obtained. The Boards need to come together with technology.

Ralph Thomas welcomed Mr. Mandeville as the new Executive Director to the Board and is looking forward to working with him. December 8th is the annual luncheon of the New Jersey Society and he encouraged everyone to attend.

Mike Polito advised the Board that he would get out to the other State Societies so they can put on their websites information on distance learning.

IX Adjournment

On a motion made by Alfonso Pisano, seconded by Margaret Shoe, the Board voted to adjourn the Public Session Board meeting at 5:10 P.M. The vote of the Board was unanimous.

Respectfully submitted,

William Mandeville
Executive Director