



ARKANSAS STATE BOARD of PUBLIC ACCOUNTANCY

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Little Rock, AR

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Little Rock, AR

BOARD STAFF

Tim Montgomery CPA
Executive Director

Dale Edge CPA
Investigator

Mary Roberts
Exam Specialist

Kathrine Stone
Licensing Coordinator

Nikita Montgomery
CPE Coordinator

Board Meeting Minutes

November 22, 2024

A regular meeting of the Arkansas State Board of Public Accountancy was held at the Board's offices of 900 West Capitol Ave. with Christina Ellis, President, presiding. Other members of the Board in attendance were Barrett Belew – Secretary, Megan Turner – Treasurer, Richard Bell, and Shane Warrick. Don Curdie attended via Teams. Members of the staff in attendance were Tim Montgomery - Executive Director, Dale Edge – Investigator, and Kathrine Stone. Also in attendance were Marsha Moffitt, Executive Director, ARCPA and Michael Bynum, Attorney General Liaison.

CALL TO ORDER

Ms. Ellis officially called the meeting to order at 9:07 am. A quorum was found to be present.

Board Meeting Minutes: A motion was made and seconded to approve the September 17, 2024 minutes. The motion carried.

TREASURER'S REPORT

Financial statements for the year ended June 30, 2024 and for the quarter ended September 30, 2024 were presented. The financial statements were approved with the caveat that the negative amount for Full Accrual Fixed Assets be corrected or explained by the January Board meeting.

COMMITTEE REPORTS

COMPLIANCE

The Compliance Committee met twice in October.

There have been five (5) new complaints received:

Undisclosed misdemeanor

Firm self-reporting being sanctioned by a State regulatory agency

Three firms that are not licensed.



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Requesting closure of fourteen(14) complaints, one by consent order:

1. **C23-014 – (Cert. #10411)** – Licensee with unlicensed firm with an unacceptable fictitious name, Licensee is in process of licensing firm with acceptable name. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
2. **C23-104 – (Firm Cert. #950C)** – Licensee failed to timely respond to the 2023 Practice Review Survey. Licensee has now responded. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
3. **C24-067 – (CO CPA)** – CO CPA living in Arkansas, using CPA on his political advertising. Person is not practicing in AR and agreed to add disclaimer “CO CPA”. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.

Complaints 4 through 8 – Licensees self-reporting sanctions or other issues

4. **C23-115 – (Cert. #10269)** – Licensee self-reported on their 2024 annual renewal a licensing issue with Missouri Board (MO) licensure request. Licensee has since moved back from MO and failed to follow up with Mo. MO Board denied licensure. The Compliance Committee recommends closure with no further action.
5. **C23-120 – (Firm Cert. #5LP)** – Licensee self-reported entering into a legal settlement under the Class Action Fairness Act (CAFA). The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
6. **C24-065– (Firm Cert. #108LP)** – Licensee firm sanctioned by CA and TX Boards of Accountancy. Sanction based on a 2023 PCAOB action regarding quality control issues. The AR Board has already reviewed the PCAOB action at a prior meeting. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
7. **C24-069 – (Firm Cert. #37LP)** – Licensee firm sanctioned by KS Board of Accountancy. Sanction based on a firm’s failure to register offices located in KS. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
8. **C24-073 – (Firm Cert. #2LP)** – Licensee firm sanctioned by FL Board of Accountancy. Sanction based on a 2022 PCAOB action. The AR Board has already reviewed the PCAOB action at a prior meeting. The Compliance Committee recommends a finding of



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probable cause to proceed with disciplinary proceedings but recommends closure with no further action.

Complaint 9 through 11 – Resolved by Compliance Statement.

9. **C24-037- (Cert. #7195)** – Licensee failed to timely renew for 2024 licensure year and became lapsed. Licensee has now completed 2024 renewal. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. A Compliance Statement requiring licensee to pay \$115 (\$55 2024 Inactive fee, \$60 late fees) has been signed and monies collected.
10. **C24-039- (Cert. #8067)** – Licensee failed to timely renew for 2024 licensure year and became lapsed. Licensee has now completed 2024 renewal. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. A Compliance Statement requiring licensee to pay \$115 (\$55 2024 Inactive fee, \$60 late fees) has been signed and monies collected.
11. **C24-053- (Firm Cert. #950C)** – Firm failed to timely renew for 2024 licensure year and became lapsed. Firm has now completed 2024 renewal. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. A Compliance Statement requiring licensee to pay \$760 (\$110 2024 LTP fee, \$150 late fees and \$500 penalty) has been signed and monies collected.
12. **C24-054- (Cert. #3328)** – Inactive licensee working in public accounting and did not timely request to upgrade. Licensee is now in the process of upgrading. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. A Compliance Statement requiring licensee to pay \$250 dollar penalty has been signed and monies collected.

The Compliance Chair recused, Board member Barrett Belew was Compliance Chair

13. **C24 -006- (Firm Cert. #82LC)** – External complaint received regarding licensee’s tardiness in the issuance of an audit report. The original complaint was later withdrawn by complainant. The Compliance Committee reviewed the complaint even though it was withdrawn. The Compliance Committee recommends closure with no further action.

A Motion was made and seconded to accept the Compliance Committee’s recommended findings and proposed resolutions to items 1 through 13 as listed above. The motion carried.



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CONSENT ORDER

1. **C23-119- Consent Order (Cert. #4585R)** – External Complaint received alleging licensee directed multiple tax payments to be withdrawn from Client’s bank account that were incurred by an unrelated entity. Complaint alleging licensee failed to timely deposit 941 employment tax payments for client. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order. Respondent has signed a consent order and paid a twenty-five hundred (\$2,500.00) dollar penalty. Requesting closure by Consent Order.

Consent Order C23-119 was not approved. A motion was made and seconded to amend the Consent Order by increasing the penalty to \$3,500 and submit the amended Consent Order to the respondent. The motion carried.

CPE

Director Montgomery informed the Board members that the new CPE Coordinator is working on the 2024 CPE Audit; she is doing well although it is a slow learning experience, especially coming in during the middle of the audit.

PRACTICE REVIEW

Director Montgomery gave an update on the 2024 Practice Review. The Quality Review process has been completed. There were quite a few licensees that did not respond to the initial Practice Review survey; these licensees have been contacted and the number of non-responders is down to thirty (30).

RULES

Director Montgomery noted that a few rule changes are on the agenda to discuss later in the meeting. After getting input from the Board, Director Montgomery would like to write the rule with the proposed changes and present them to the Board at the January meeting.

PERSONNEL

Director Montgomery informed the Board that Investigator Anthony Wanjala was released from employment before his probationary period ended. Also, a staff member just went on FMLA and may be out for four to six weeks, so the office will be short-staffed as we head into the license renewal period.



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NEW BUSINESS

ARIES Reimbursement approval: An applicant who sat for the CPA Exam before the ARIES Reimbursement program began is requesting to be able to receive the reimbursement. A motion was made to grant the reimbursement. It was seconded and carried. Mr. Warrick abstained from voting.

A motion was made and seconded to grant Director Montgomery the authority to grant ARIES reimbursement requests for applicants who first sat before the May 1, 2024 start date. The motion carried.

Request of licensure waiver - Savage: A motion was made to approve a waiver to the applicant from being disqualified from holding a professional license. The motion was seconded and carried. The applicant is now able to request reinstatement of their license.

Note: The Board requested that, for future situations similar to the one above, applicants present themselves in person to the Board so that Board members can ask questions to better determine eligibility for a license.

Approval of fictitious firm name – Velka CPA and Advisors, Inc.: A motion was made to deny the fictitious name. The motion was seconded and passed unanimously.

Request for grade transfer - Vaughn: The Board did not make a decision since the applicant is not applying in Arkansas. The decision should be made by the Kansas Board as that is where the applicant is applying.

Need for firm licensure determination – Rachall Financial Services: A motion was made to require Rachall Financial Services to license the firm with the Board. The motion was seconded and carried.

EPCA CPE Credit Approval: A motion was made to approve the CPE offerings already presented by EPCA while they are awaiting approval from the NASBA Registry of CPE Providers. The motion was seconded and carried.

2024 Q3 pass rates: The Executive Director presented the exam pass rate figures from the 3rd quarter of 2024.

Accounting Career Awareness program: A Motion was made to earmark \$100,000 of the Board's fund balance for use in the Accounting Awareness program, with \$20,000 immediately available. The Motion was seconded and carried. The Board requests that the program director provide updates to the Board regarding the use of the funds distributed to the program as well as provide documentation for requests made to use the remaining \$80,000.

NASBA Exposure Drafts and state responses to exposure drafts: The two current exposure drafts submitted by NASBA regarding adding a Bachelor's degree plus two years of experience pathway were discussed.



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Alternate Pathway and Automatic Mobility news and legislation: The Executive Director presented additional information regarding CPA licensure pathways and automatic mobility. A motion was made for the Executive Director to write a response to the exposure drafts, send to the Board members for comment, and send to the Board president for final approval and signature.

Rule changes: The Board requested the Executive Director to rewrite Board Rule 6 and present it to the Board at the January meeting.

The Board broke for lunch at 12:00 p.m.

Board member Turner left the meeting at 12:00

The Board reconvened the meeting at 12:26 p.m.

Alternative Practice Structures/Private Equity Ownership: The Board discussed Private Equity Ownership and other possible Alternative Practice Structures (APS). The Board requested the Executive Director to ask other state Boards if they have incorporated APS language into statute or Board rule and, if so, obtain a copy of that language.

Final items: The Executive Director presented additional information regarding NASBA block scheduling, NASBA's ELE enhancement, NASBA's committee selections, future NASBA meetings and the licensure activity report.

A Motion was made to adjourn the meeting at 1:14 p.m.