

NEW JERSEY STATE BOARD OF ACCOUNTANCY

Public Session Minutes

July 31, 2003

HUDSON ROOM

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 9:35 A.M. and the following roll call was taken:

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

Also present at the meeting were Elaine DeMars, Acting Executive Director; Marianne Greenwald, Deputy Attorney General; Dale Nelson, CPA, Director of Accountancy; Melba Perez, Assistant to the Acting Executive Director; Mike Polito, CPA, Immediate Past President, NJSCPA; James Evans, CPA, President, NJSCPA.

I. Minutes of the Meeting of June 19, 2003

The Board reviewed the minutes of the meeting of June 19, 2003, and on a motion by Andrew DuBoff, seconded by Margaret Shoe, the Board voted to accept the minutes with corrections. Mr. Pisano abstained.

II. President's Remarks

Mr. Lipman welcomed back Mr. Pisano who was out due to surgery. Mr. Lipman advised the Board of the passing of Mr. Jerome Fien, a previous Board president. Mr. Fien was honored with a moment of silence.

Mr. Lipman announced that he received the grades from the May 2003 Uniform CPA Examination

provided by the AICPA. He reported that 41 candidates passed all four parts. On a motion made by John Tully, seconded by Elizabeth Burns, the Board voted to accept the grades as presented by the AICPA. The vote of the Board was unanimous.

There are two NASBA CBT task forces. One is administrative and the other focuses on implementation. Mr. DuBoff informed the Board that there will be a CBT Implementation Task Force meeting in Chicago on August 25, 2003. He will attend as the Northeastern Region representative on the task force. If anyone has anything he or she would like discussed at that meeting, he or she should provide the information to Mr. DuBoff so that he may include such information in the meeting sessions.

Ms. Burns provided a report on her evaluation of the Prometric testing site in Deptford. In calling to request directions, Ms. Burns found that she could not get a live person on the phone. Instead, she received a recorded message that said they would return her call within 48 hours. Ms. Burns advised the Board that the Deptford testing site was very small, and while the facility was sanitary, the surroundings seemed drab. There are two small single-occupancy (one male, one female) bathrooms. She expressed concern for the adequacy of these facilities, especially when there are children at the site during CPA examination sessions. She reported that security included the allocation of lockers to each candidate into which they must place all of their belongings, including handbags, etc. Nothing is allowed in the testing area. The pencils and scratch paper that are provided to the candidates upon entrance to the exam area are accounted for as the candidates exit the site. Ms. Burns continued to say that the location is easy to reach. All of the employees are very professional and they take their jobs seriously. In general, however, Ms. Burns reported that she was not impressed with the testing site. Mr. Lipman agreed, saying that his evaluation of the Edison facility left him unimpressed. Mr. DuBoff reported that he has received information indicating that all the test sites will be updated soon.

The annual NASBA meeting scheduled for October will take place in Hawaii. Mr. Lipman, Mr. Cagnassola, Mr. Sommer, Mr. Hadnott and Mr. DuBoff will be attending. Ms. Burns is uncertain if she will be attending. Mr. DuBoff reported that the 2004 Annual Meeting is scheduled to be held in Chicago. NASBA is providing scholarships in an effort to assist those states experiencing travel constraints, so that at least one representative will be present from each jurisdiction.

It is reported that the SEC is considering prohibiting Ernst & Young from accepting new public audit clients for a six-month period. While the firm has paid just about \$15,000,000 in fines, the matter has not yet been resolved. Mr. Lipman appointed a three-member Board committee (Mr. DuBoff, Mr. Cagnassola, and Ms. Burns, who will chair the committee) which is to monitor this situation and comment to the Board when appropriate.

III. Executive Director's Remarks

Ms. DeMars spoke about the Prometric site visit. Mr. Tully is scheduled to visit the Hamilton location on August 5. Mr. Sommer will be visiting the Fairlawn site. Mr. DuBoff reported that he may visit a site in the fall, before the September Board meeting.

Ms. DeMars advised the Board about the change of language on the CPA examination application. It was also reported that there are 175 applications received for the November 2003 examination. The deadline for application to sit for the November 2003 examination is August 15, 2003.

IV. Request for Waiver to Endorse License

A. William A. Boffa

Mr. Boffa requested a waiver of three semester hours in business law to transfer his CPA exam grades from Pennsylvania.

On a motion made by Robert Cagnassola, seconded by Margaret Shoe, the Board voted to deny Mr. Boffa's request for a waiver. The vote of the Board was unanimous.

B. Robert E. Chevalier

Mr. Chevalier requested a waiver of three semester hours in Business Law to endorse his Pennsylvania license.

On a motion made by Robert Sommer, seconded by Alfonso Pisano, the Board voted to approve the New Jersey endorsement of Mr. Chevalier's Pennsylvania license. The vote of the Board was unanimous.

C. Steven B. Figard

Mr. Figard requested a waiver of three semester hours in finance to endorse his Pennsylvania license.

On a motion made by Mr. DuBoff, seconded by Mr. Cagnassola, the Board voted to approve the New Jersey endorsement of Mr. Figard's Pennsylvania license. The vote of the Board was unanimous.

D. Peter A. Mendes

Mr. Mendes requested a waiver of three semester hours in finance to endorse his Pennsylvania license.

The Board reviewed this matter and noted that Mr. Mendes has not been licensed for 10 years. He passed the examination but was not licensed. Illinois is a two-tier state.

On a motion made by Robert Sommer, seconded by Alfonso Pisano, the Board voted to have this matter reviewed again. The vote of the Board was unanimous.

E. Sita G. Shankar

Ms. Shankar requested a waiver of six semester hours in accounting, two semester hours in business law, six semester hours in finance, five semester hours in economics and 13 semester hours in business electives to endorse her Colorado license.

On a motion made by Robert Cagnassola, seconded by Andrew DuBoff, the Board voted to have the Acting Executive Director contact NASBA and research the credibility of World Education Services, Inc. (WES). Ms. Shankar submitted an evaluation by WES which differed from the ECE evaluation also submitted. If the evaluator is approved by NASBA, the waiver is to be administratively processed. The vote of the Board was unanimous.

F. John D. Scesney

Mr. Scesney requested a waiver of two semester hours in finance to endorse his Pennsylvania license.

G. Kimberly G. Johnson

Ms. Johnson requested a waiver of six semester hours in accounting and three semester hours in business law to endorse her New York license.

On a motion made by Robert Sommer, seconded by Bennie Hadnott, the Board voted to allow Ms. Johnson to endorse her New York license. The vote of the Board was unanimous.

H. Mahesh J. Agashiwala

Mr. Agashiwala requested a waiver of the evaluation of transcripts to endorse his New York license.

On a motion made by Andrew DuBoff, seconded by Robert Sommer, the Board voted to allow Mr. Agashiwala to endorse his New York license. Mr. Tully suggested that Mr. Agashiwala be advised that he must obtain a firm license. The vote of the Board was unanimous.

V. AICPA Issue

Dale Nelson, Director of Accountancy, reported that he received a phone call from an inactive licensee who asked if the training he received for grading the CPA exam could qualify for CPE credits. Mr. Nelson questions the AICPA's policy of using inactive licensees to grade the exam. On a motion made by Mr. Pisano and seconded by Mr. Sommer, the Board voted unanimously to deny the credits. The Board does not believe that the inactive individual should get CPE credits for grading the exam.

The Board feels that the AICPA should be contacted to ascertain the requirements/qualifications for examination graders. On a motion made by Alfonso Pisano and seconded by Robert Cagnassola, the Board voted that the Acting Executive Director is to contact the AICPA to document the standards for the utilization of unlicensed individuals in grading the examination. The vote of the Board was unanimous.

VI. Olugbenga O. Olabintan

Upon reviewing the enclosed reinstatement application, the following questions need clarification:

1. Does a public school license require a reinstatement?
2. Is there such a license as an "inactive" public school license?

Counsel advised the Board that the Uniform Enforcement Act provides for an inactive license for all categories of licensure. The Board determined, upon advice of counsel, that a Public School Accountant must pay a reinstatement fee when reactivating a license. No further action was deemed necessary.

VII. Request for Waiver of CPE Requirement

A. Stanley J. Benarick

Mr. Benarick requested a waiver of CPE credits due to an assignment that severely hampered his ability to complete the 120 hour requirement within the triennial period. Upon review of his renewal application, Mr. Benarick answered "yes" to the question regarding the completion of CPE credits.

This matter was moved to Executive Session for Board deliberation and advise of counsel.

B. Edward S. Dziekonski

Mr. Dziekonski requested a waiver of CPE credits due to financial hardship. Mr. Dziekonski has submitted 11 hours of CPE credits obtained for the Board's review.

This matter was moved to Executive Session for Board deliberation and advise of counsel.

VIII. Rules and Regulations

A. Draft CBT Regulation

The CBT regulation draft provided by Regulatory Analyst Marianne Sheehan incorporates the revisions made as a result of the Committee meeting held on June 19, 2003.

This matter was moved to the Rules and Regulations section of Committee Reports for discussion.

IX. November 2003 CPA Examination Application

The Board reviewed the revised application for the November 2003 CPA Examination. The portion that was revised was highlighted for Board review.

The Board feels that the examination fee and the application fee should be clearly stated on the application. The Board advised that the sentence highlighted should read that the application fee may be transferred but not refunded. The Board is requesting that the new language be replaced with "Application fees will not be refunded. Examination fees may be transferred with Board approval in cases of extreme hardship."

On a motion made by Alfonso Pisano, seconded by Gail Ryan, the Board voted to have the sentence in question on the application changed to read, ""The application fee will not be refunded. The examination fee may be transferred with Board approval in cases of extreme hardship." The vote of the Board was unanimous.

X. Committee Reports

A. CPA Examination Committee

Gail Ryan had no report for the Board.

B. Ethics Committee

Sheldon Whitman submitted a letter to the Board regarding his application for approval of the New Jersey Law and Ethics Course.

Gail Ryan advised the Board that she needs to confer with DAG Greenwald regarding the specifics before making a decision on this matter.

C. CPE Committee

Robert Sommer had no report for the Board. Dale Nelson reported that the interns, under his direction, are conducting an audit of CPE credits in conjunction with the recent renewal and that 1500 requests for substantiation have been issued. The Committee will meet to determine action to be taken on failure to respond to CPE deficiencies.

D. RMA Committee

Robert Cagnassola reported that there is another referral from the Charities Committee for review.

E. QE Committee

Robert Cagnassola reported that there will be a meeting August 7, 2003. Dale Nelson reported that the Standing Committee will review a referral from the Charities Division and they will meet with a licensee who had been scheduled in June. The reviews for the current cycle are ongoing at this time.

F. Education Committee

Aubrey Kosson had no report for the Board.

G. Reciprocity Committee

The Board reviewed a letter from Ann Johns, FCPA of CPA Australia regarding an agreement that enables

CPAs qualified in Australia to sit for the IQEX.

Margaret Shoe reported that this matter was considered by the Board last summer and that this Board does accept applications for licensure from Australia. This matter should have been on the Board's website. The Acting Executive Director was directed to check the May or June 2002 minutes where it was discussed.

H. Nominating Committee

Robert Sommer had no report for the Board.

I. Rules/Regulations Committee

Mr. DuBoff advised the Board that after the new testing is implemented, the grading process will be slower at least for the first year. He asked all Board members to review the current draft of the proposed regulation, specifically to consider the language regarding candidates who will fall within the transition period, and to forward any comments or questions to him by Friday, August 29. The Acting Executive Director is to advise Maryann Sheehan, Regulatory Analyst, to be present at the September 18, 2003 Board meeting.

J. Professional Liaison Committee

Andrew DuBoff reported on the highlights of the July NASBA Board of Directors' meeting, including a discussion of the upcoming annual meeting and NASBA bylaws. The meeting summary will be brought before the Board as soon as it is made available.

K. Planning Committee

Robert Sommer had no report for the Board.

At the conclusion of the committee reports, Mr. Cagnassola commented on the firm registration process, using the Pennsylvania firms as an example.

XI. Public Comment

James Evans, CPA, NJSCPA President, advised that Ralph Thomas, Executive Director, was attending the Scholars Institute at Monmouth University. He stated that the Society's Law and Ethics course presentations have been well attended, including the presentation given at the annual meeting in San Diego. He reported that Ralph Thomas and Jim Hardenberg, CPE director, are planning a distance learning option for the NJ Law and Ethics course.

XII Adjournment

On a motion made by Elizabeth Burns, seconded by Bennie Hadnott, the Board voted to adjourn the Public Session Board meeting at 12:25 PM and move to Executive Session to review three Investigative Inquiries, two requests for reinstatement, one Enforcement Bureau matter, three consumer complaints, and other previously discussed matters. The vote of the Board was unanimous.

Respectfully submitted,

Elaine L. DeMars
Acting Executive Director