

Connecticut State Board of Accountancy
October 7, 2003
Minutes

Chairman Reynolds called the meeting to order at 9:00 A.M. in the second floor conference room in the Office of the Secretary of the State, 30 Trinity St. Hartford CT.

Present :

Thomas F. Reynolds, CPA, Chairman
Richard P. Bond
James Ciarcia
Philip J. DeCaprio Jr., CPA
Leonard M. Romaniello, Jr., CPA
Michael Weinschel, CPA

David L. Guay, Executive Director
Stephanie Sheff, Board Staff

Arthur Renner, Executive Director, Connecticut Society of Certified Public Accountants

A motion to approve the minutes of the September 3, 2003 Board meeting was made by Michael Weinschel and seconded by Philip J. DeCaprio, all voted in favor.

Chairman Reynolds directed the Board to the second item on the agenda, choosing the meeting dates for 2004. By consensus the Board agreed to schedule the 2004 meetings on the First Tuesday of the month at 9:00 AM.

Tuesday, January 6, 2004
Tuesday, February 3, 2004
Tuesday, March 2, 2004
Tuesday, April 6, 2004
Tuesday, May 4, 2004
Tuesday, June 1, 2004
Tuesday, July 6, 2004
Tuesday, August 3, 2004
Tuesday, September 7, 2004
Tuesday, October 5, 2004
Tuesday, November 2, 2004
Tuesday, December 7, 2004

Motion made by Philip DeCaprio and seconded by Leonard Romaniello to approve the initial certificate applications and the initial and reinstatement applications for registrations and licenses and firm permits to practice, all voted in favor. The certificates, registrations, licenses and permits approved at the October 7, 2003 meeting are incorporated into these minutes by attachment.

Executive Director Guay informed the Board of the staff efforts to prepare and print the renewal applications for 2004. Discussion was held concerning the problem of late renewals, the renewal process as a whole in light of staff reductions and an exploration of

possible solutions. By consensus the Board asked Executive Director Guay to produce a white paper for the Board to review, which should outline concerns and propose possible solutions.

Executive Director, David Guay updated the Board with regard to the 2003 filing of Continuing Education Reports. David Guay informed the Board that after telephone calls to the Licensees with outstanding reports, the final number of licensees who have failed to report continuing education for 2003 is 53. These 53 will become enforcement cases.

Executive Director Guay presented the following cases on the enforcement docket of October 7, 2003.

Case #2393 / Case # 2423

Executive Director Guay requested settlement approval. A motion to approve the proposed settlement was made Leonard Romaniello, and seconded by James Ciarcia, all voted in favor. The Board accepted the proposed settlement.

Richard Bond raised the question of why the Board does not receive a written case brief from the Attorney when considering an enforcement action. Executive Director Guay explained that the Board staff could provide such a brief, but it had been the Board's practice to receive an oral brief from the Attorney in the past. The Board directed Executive Director Guay to ensure that all enforcement actions be preceded by a written brief.

Chairman Reynolds opened discussion on a possible response to the Connecticut Law Revision Commission. Executive Director David Guay attended the Connecticut Law Revision Commission meeting of September 9, 2003 and forwarded to Board members via email his synopsis of the meeting. Michael Weinshel indicated change is still required, but a full look is no longer necessary, and the area of most concern are resources for the Board to function.

Philip DeCaprio agreed with Michael Weinshel, that the Law Revision Commission offered a more global view. James Ciarcia indicated that with the passage of Connecticut Public Act 03-259, Connecticut has been brought into compliance with Federal Law. Mr. Ciarcia further noted that the remaining concern he has is with the makeup and composition of the Board.

After discussion, consensus was reached to have Executive Director Guay, prepare a draft response, indicating the Board's desire to terminate the study of Connecticut's Accountancy Laws by the Connecticut Law Revision Commission.

Executive Director Guay provided a draft of the proposed Regulations for the new Computer based CPA Exam. The draft includes language previously approved by the Board and new language to address the passing grade, transition rules for the first cycle of the computer based exam and language to address cheating and exam security.

Section. 20-280-23 Examination. The following shall apply when a computerized CPA Examination is available and has been approved by the board for used by candidates in this state.

(a) **Requirements to take the examination.** An applicant shall

(1) Submit to the board an application prescribed by the board together by the due date set forth in said application with the fee of \$100.00;

(2) Submit to the examination service authorized by the board to administer the examination any such additional application, documentation and proof of identity, and pay such additional fee as the service may require;

(3) Submit documentation that, prior to applying for the examination, the applicant has met the educational qualifications set forth in section 20-280-22 of these regulations;

(4) Submit evidence satisfactory to the board of good character, as defined in subsection (b) of section 20-281c of the general statutes.

(5) The Board or its designee will forward notification of eligibility for the computer-based examination to National Association of State Boards of Accountancy's National Candidate Database.

(6) A Candidate who fails to appear for the examination shall forfeit all fees charged for both the application and the examination.

(b) **Content.** The examination shall consist of the following sections:

(1) Auditing and attestation;

(2) Financial Accounting and Reporting;

(3) Regulation;

(4) Business Environment and Concepts.

(c) **Passing Grade.** The minimum passing grade is seventy-five out of one hundred points in each subject.

(d) **Notice.** Eligible Candidates shall be notified of the time and place of the examination or shall independently contact the Board or a test center operator identified by the Board

to schedule the time and place for the examination at an approved test site.

(e) When a computerized examination is available and has been approved by the board for used by candidates in this state, a Candidate may take the required test sections individually and in any order. Credit for any test section passed shall be valid for eighteen months from the actual date the Candidate took that test section, without having to attain a minimum score on any failed test section and without regard to whether the Candidate has taken other test section.

(1) Except as provided in paragraph (3) of this subsection, candidates must pass all four test sections of the Uniform CPA Examination within a rolling eighteen-month period, which begins on the date that the first test section passed is taken. Any test section passed outside the eighteen-month period will expire and that test section must be retaken.

(2) Candidates cannot retake a failed test section in the same examination window. An examination window is a three-month period in which Candidates have an opportunity to take the CPA examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed). Thus, Candidates will be able to test two out of the three months within an examination window.

(3) ***NOTE: special rule for people who take exam for first time during first 2 exam windows the test is offered – they will get 24 instead of 18 months to pass all parts because of expected delays in grading during first 6 months. –EXACT TEXT TO FOLLOW.***

(1) Candidates who have attained conditional status as of the launch date of the computer-based Uniform CPA Examination will be allowed a transition period to complete any remaining Test Sections of the CPA examination. The transition is the maximum number of opportunities that Candidates who have conditioned under the paper-and-pencil examination have remaining, at the launch of the computer-based CPA examination, to complete all remaining Test Sections, or the number of remaining opportunities under the paper-and-pencil examination, multiplied by six months, whichever is first exhausted.

(2) If a previously conditioned Candidate does not pass all remaining Test Sections during the transition period, conditional credits earned under the paper-and-pencil examination will expire and the Candidate will lose credit for the Test Sections earned under the paper-and-pencil examination. However, any Test Section(s) passed during the transition period is subject to the conditioning provisions of the computer-based examination as indicated in the aforementioned conditioning recommendation, except that a previously conditioned Candidate will not lose conditional credit for a Test Section of the computer-based examination that is passed during the transition period, even though more than eighteen months may have elapsed from the date the Test Section is passed, until the end of the transition period.

(3) Candidates who, on the date a computer-based CPA Examination approved by the Board is first available for use in this state, have unexpired conditional credit for passing one or more sections of the paper-and-pencil examination

(1) shall receive conditional credit for passing the corresponding sections of the computer-based CPA examination, as follows:

(A) Conditional credit for having passed auditing in a paper and pencil format shall be deemed conditional credit for auditing and attestation in the computer-based examination;

(B) Conditional credit financial accounting and reporting in a paper and pencil format shall be deemed conditional credit for financial accounting and reporting in the computer-based examination;

(C) Conditional credit for accounting and reporting in a paper and pencil format shall be deemed conditional credit for regulation in the computer-based examination;

(D) Conditional credit for business law and professional responsibility in a paper and pencil format shall be deemed conditional credit for business environment and concepts in the computer-based examination.

(2) must pass all remaining sections of the computer based examination by October 31, 2005 or within eighteen months from the first day the computer based examination is given in Connecticut.

(g) In the case of extreme hardship, the Board, in its discretion, may extend term of any conditional credit.

(h) Credit for examinations taken out-of-state

(1) Any individual who has obtained credit for any section of the uniform certified public accountant examination as graded by the Board of Examiners of the American Institute of Certified Public Accountants from a state other than Connecticut or other examination approved by the board, and who qualifies under subsection (a) of this section to take the examination in Connecticut shall receive credit for such sections subject to subsections (b), (c), (e) and (f) of this section.

(2) An applicant who has received full credits from a state other than Connecticut shall make application on forms prescribed by the board, and such application shall be filed with the board. An applicant's out-of-state full credits shall not be accepted unless at the time the applicant received his out-of-state full credits the state of issuance had in effect credit procedures and standards equivalent to or stricter than those credit procedures and standards then in effect in the state of Connecticut.

Rule 5-9 - Cheating.

(a) Cheating by a Candidate in applying for, ~~or~~ taking or subsequent to the examination will be deemed to invalidate any grade otherwise earned by a Candidate on any Test Section of the examination, and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.

(b) For purposes of this Rule, the following actions or attempted activities, among others, may be considered cheating:

- (1) Falsifying or misrepresenting educational credentials or other information required for admission to the examination;
- (2) Communication between Candidates inside or outside the test site or copying another Candidate's answers while the examination is in progress;
- (3) Communication with others inside or outside the test site while the examination is in progress;
- (4) Substitution of another person to sit in the test site in the stead of a Candidate;
- (5) Reference to crib sheets, textbooks or other material or electronic media (other than that provided to the Candidate as part of the examination) inside or outside the test site while the examination is in progress.
- (6) Violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so.

(7) Retaking or attempting to retake a Test Section by an individual holding a valid Certificate or by a Candidate who has unexpired credit for having already passed the same Test Section, unless the individual has been directed to retake a Test Section pursuant to Board order or unless the individual has been expressly authorized by the Board to participate in a "secret shopper" program.

(c) In any case where it appears that cheating has occurred or is occurring, the Board or its representatives may either summarily expel the Candidate involved from the examination or move the Candidate to a position in the Test Center away from other examinees where the Candidate can be watched more closely.

(d) In any case where the Board believes that it has evidence that a Candidate has cheated on the examination, including those cases where the Candidate has been expelled from the examination, the Board shall conduct an investigation and may conduct a hearing consistent with the requirements of the state's Administrative Procedures Act following the examination session for the purpose of determining whether or not there was cheating, and if so what remedy should be applied. In such proceedings, the Board shall decide:

(1) Whether the Candidate shall be given credit for any portion of the examination completed in that session; and

(2) Whether the Candidate shall be barred from taking the examination and if so, for what period of time.

(e) In any case where the Board or its representative permits a Candidate to ~~ontinue~~ continue taking the examination, it may, depending on the circumstances:

- (1) Admonish the Candidate;
- (2) Seat the Candidate in a segregated location for the rest of the examination;
- (3) Keep a record of the Candidate's seat location and identifying information, and the names and identifying information of the Candidates in close proximity of the Candidate; and/or
- (4) Prior to the introduction of a computer-based examination, notify the AICPA of the circumstances, furnishing the Candidate's identification number, so that after the initial grading is completed, the Candidate's papers can be compared for unusual similarities with the papers of others who may have been involved.

Upon introduction of a computer-based examination, notify the National Candidate Database and the AICPA and/or the Test Center of the circumstances, so that the Candidate may be more closely monitored in future examination sessions.

(f) In any case in which a Candidate is refused credit for any Test Section of an examination taken, disqualified from taking any Test Section, or barred from taking the examination in the future, the Board will provide to the Board of Accountancy of any other state to which the Candidate may apply for the examination information as to the Board's findings and actions taken.

Rule 5-10 – Security and Irregularities

Notwithstanding any other provisions under these rules, the Board may postpone scheduled examinations, the release of grades, or the issuance of certificates due to a breach of examination security; unauthorized acquisition or disclosure of the contents of an examination; suspected or actual negligence, errors, omissions, or irregularities in conducting an examination; or for any other reasonable cause or unforeseen circumstance.

Motion was made by Michael Weinschel to approve the draft computer exam regulations, seconded by James Ciarcia, all voted in favor.

Chairman Reynolds reviewed for the Board his attendance at the Connecticut Society of CPAs' Board of Governors meeting on September 11, 2003

Chairman Reynolds noted that the Board has been invited to attend the Connecticut Society of Certified Public Accountants Peer Review Committee meeting scheduled for November 20, 2003, 10:30 A.M. at the Society's Offices in Rocky Hill.

Chairman Reynolds noted that Connecticut's last paper and pencil CPA Exam is being given on November 5th and 6th.

Richard Bond asked about the status of the three vacancies on the Board. Arthur Renner, Executive Director, the Connecticut Society of Certified Public Accountants informed the Board that a list of suggested CPA members was sent to the Governor.

James Ciarcia noted that he would be attending the National Association of State Board's of Accountancy Annual meeting. Executive Director Guay asked Mr. Ciarcia to make inquiries as to out sourcing opportunities.

Under public comment, Arthur Renner, Executive Director, the Connecticut Society of Certified Public Accountants addressed the Board. Mr. Renner commented upon the visit of Chairman Reynolds with the Society's Board of Governors, noting the continued effort of the Connecticut Society at keeping the lines of communication open with the State Board. Mr. Renner also noted that the Society had forwarded names to the Governor for the CPA vacancy on the Board.

Mr. Renner also reported that the Society does not appear to have an interest in proposing legislation in the upcoming session.

Mr. Renner indicated that the Society's leadership is concerned about the Board's resources. The Society's Legislative Lobbyist, Craig LeRoy recently met with Secretary and Deputy Secretary of the State. The meeting was characterized as positive.

A motion to adjourn the meeting was made by Leonard Romaniello and seconded by James Ciarcia, all voted in favor. Meeting was adjourned at 10:30 A.M.