



Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104 • PO Box 12827 • Raleigh, NC 27605 • 919-733-4222 • No. 9-2007

Jeffrey T. Barber, CPA, and Maria M. Lynch, Esq., Appointed to Board



Jeffrey T. Barber, CPA

Governor Easley has appointed Jeffrey T. Barber, CPA, and Maria M. Lynch, Esq., to the Board for three-year terms expiring June 30, 2010.

Barber has served as the managing partner of the Raleigh office of PricewaterhouseCoopers LLP for 14 years. He was licensed as a North Carolina CPA in 1990.

Lynch, a partner in the law firm Lynch & Eatman, LLP, in Raleigh, will serve as a public member of the Board.

A member of the NCACPA and the AICPA, Barber is a member of the Board of Directors and a past chair of the North Carolina Council for Entrepreneurial Development (CED).

In 2000 he received the CED's Outstanding Service Award. In 2006 the North Carolina Technology Association (NCTA) awarded him its "Volunteer of the Year" award in honor of his years of service as NCTA treasurer.



Maria M. Lynch, Esq.

Barber is a member of the North Carolina Museum of Art Foundation Board of Directors and the Board of Directors of the Triangle/Eastern NC Chapter of the Juvenile Diabetes Research Foundation.

He is a past president of Artspace, Inc.; a past president of Community Learning Center, Inc.; a past member of the Greater Raleigh Chamber of Commerce Board of Directors; and a former member of the United Arts Council Board of Directors. Barber is also a former member of the UNC-CH Accounting Advisory Board and the NCSU College of Management Advisory Board.

Lynch, who was a member of the Order of the Coif and Research Editor of the *Law Review*, graduated with hon-

Lynch
continued on page 6

Michael C. Jordan, CPA, Reappointed to Board

Governor Mike Easley has reappointed Michael C. Jordan, CPA, to the Board.

Initially appointed to the Board in 2004, Jordan will serve on the Board until June 30, 2010.

Jordan, who was licensed as a CPA in 2001, is a manager with Pittard, Perry & Crone, Inc., in Goldsboro.

Elected Vice President of the Board in March, Jordan is a member of the Executive Committee and the Professional Standards Committee.

He is a former member of the Audit Committee and the Professional Education and Applications Committee.

A member of the AICPA and NCACPA, Jordan is a former president of Leadership Wayne County and is a member of the Board of Directors of the Girl Scout Council of Coastal Carolina, Inc.

www.nccpaboard.gov

In this issue...

Board Meetings	2
Certificates Issued	6
Disciplinary Actions	2, 3, 5
Exam Fees	6
Reclassifications	3
Resolution: Thurman L. Gause	7
Resolution: Leonard W. Jones, CPA	4

Disciplinary Actions

James Franklin Baker, #3096
Jeffery Bruce Baker, #32566
James F. Baker, C.P.A., P.A.
Raeford, NC 07/23/2007

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent James Franklin Baker (hereinafter "Respondent James Baker") is the holder of North Carolina certificate number 3096 as a Certified Public Accountant.
2. Respondent Jeffery Bruce Baker (hereinafter "Respondent Jeffery Baker") is the holder of North Carolina certificate number 32566 as a Certified Public Accountant.
3. Respondent James F. Baker, C.P.A., P.A. (hereinafter "Respondent Firm") is a registered certified public accounting corporation in North Carolina.
4. During the period from July 1, 2005, through December 14, 2005, Respondent firm conducted an audit and issued a report on the financial statements of Hoke County for the year ended June 30, 2005.
5. An audit working paper review performed by the North Carolina Office of the State Auditor and a review of the financial statements and single audit report performed by the State of North Carolina Department of State Treasurer State and Local Government Finance Division (LGC) disclosed numerous deficiencies and errors in the audit work papers and the financial statements and single audit report indicating that Respondent Firm failed to comply with Government Auditing Standards and Government Accounting Standards as follows:
 - a. The working papers contained numerous deficiencies in audit documentation that indicate that Respondent Firm failed to obtain sufficient evidence to provide a reasonable basis for the conclusion that was expressed in the audit report and

failed to comply with Government Auditing Standard 3.39, Government Auditing Standard 6.04 a. and b. and Circular A-133 requirements related to the audit of major federal programs.

- b. The financial statements, note disclosures, and supplemental schedules, as submitted to the LGC, were not prepared in accordance with Government Accounting and Financial Reporting Principles and contained numerous errors and deficiencies.
- c. The single audit reports and schedules, as submitted to the LGC, were not prepared in accordance with Circular A-133 requirements and contained numerous errors and deficiencies.
6. Respondents wish to resolve this matter by consent and agree that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondents understand and agree that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondents' actions as set out above constitute violations of NCGS 93 12(9)e and 21 NCAC 08N .0103, .0212, .0403, and .0405.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent James Baker is suspended from participating in, reviewing, or performing audits of any

government unit or audits of any component unit of a government unit for five (5) years from the date of the Consent Order. After five (5) years, Respondent James Baker may petition the Board for reinstatement of the privilege to offer, participate in, perform, and review audit services. Any request for the reinstatement of said audit privilege would include evidence of the steps taken by Respondent James Baker to assure the Board that Respondent James Baker would be able to offer and perform audit services in a competent manner. A condition of said privilege, in the discretion of the Board, may be a requirement that Respondent James Baker retake and pass the audit portion of the Uniform CPA Examination or its equivalent.

2. Respondent Jeffrey Baker, on behalf of Respondent Firm, may continue to participate in, review, and perform audits of government units and audits of component units of government units. However, Respondent Jeffrey Baker on behalf of Respondent Firm shall obtain pre-issuance reviews of all audits of government units and component units of government units until such time that the Board determines pre-issuance review is no longer necessary. The pre-issuance reviewer shall be approved by the Board prior to performing said reviews. Respondent Firm shall authorize and cause the pre issuance reviewer to provide the board a copy of each pre issuance review report upon its issuance.
3. Respondent Firm shall reimburse the Board for its administrative costs incurred as a result of monitoring compliance with pre-issuance review requirements.

2007 Board Meetings

October 18
November 19
December 19

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent Jan B. Murphy, CPA, PA, (hereinafter "Respondent Firm") is a registered certified public accounting corporation in North Carolina.

2. During the period from July 1, 2004, through March 15, 2005, Respondent Firm conducted an audit and issued a report on the financial statements of the Town of Bethel for the year ended June 30, 2004.

3. An audit working paper review performed by the North Carolina Office of the State Auditor and a review of the financial statements and single audit report performed by the State of North Carolina Department of State Treasurer State and Local Government Finance Division (LGC) disclosed numerous deficiencies and errors in the audit working papers and deficiencies in the financial statements and single audit reports indicating that Respondent Firm failed to comply with Government Auditing Standards and Government Accounting Standards as follows:

a. The working papers contained numerous deficiencies in audit documentation that indicate that Respondent Firm failed to obtain sufficient evidence to provide a reasonable basis for the conclusion that was expressed in the audit report and failed to comply with Government Auditing Standard 3.39, Government Auditing Standard 6.04 a. and b. and Circular A-133 requirements related to the audit of major federal programs.

b. The financial statements, note disclosures, and supplemental schedules, as submitted to the LGC, were not prepared in accordance with Governmental Accounting and Financial Reporting Principles and contained errors and deficiencies.

c. The single audit reports and schedules, as submitted to the LGC, were not prepared in accordance with

Circular A-133 requirements and contained errors and deficiencies.

d. Respondent Firm received an adverse peer review for the year ended April 30, 2006.

4. Respondent Firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board ex parte, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent Firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent Firm's actions as set out above constitute violations of

NCGS 93-12(9)e and 21 NCAC 08N .0103, .0212, .0403, and .0405.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent Firm shall obtain pre-issuance reviews of all attest and assurance services which include audits, reviews, compilations, agreed-upon procedures and SSARS 8 engagements until such time that the Board determines pre-issuance review is no longer necessary. The required pre-issuance reviews shall include both a review of the working papers and the report. The pre-issuance reviewer shall be approved by the Board prior to performing said reviews. Respondent Firm shall authorize and cause the pre-issuance reviewer to provide the Board a copy of each pre-issuance review report upon its issuance.

2. Respondent Firm shall reimburse the Board for its administrative costs incurred as a result of monitoring compliance with pre-issuance review requirements.

Reclassifications

Reissuance

08/20/07	Robert Amarante	#22897
08/20/07	John Bennett Thornburg	#18463

Reinstatements

08/20/07	Gaye Penley Dagenhart	#23814
08/20/07	Jeffrey W. Dees	#22525
08/20/07	Isaac Gambill Forester	#18072
08/20/07	Chuck Harrison Maness	#22914
08/20/07	James E. Pugh, Jr.	#7172
08/20/07	Claudia Jones Putnam	#15678

Retired

"Retired," when used to refer to the status of a person, describes one possessing a North Carolina certificate of qualification who verifies to the Board that the applicant does not receive or intend to receive in the future any earned compensation for current personal services in any job whatsoever and will not return to active status. However, retired status does not preclude volunteer services for which the retired CPA receives no direct or indirect compensation so long as the retired CPA does not sign any documents, related to such services, as a CPA [21 NCAC 08A .0301(b)(33)].

08/20/07	Lawrence S. Miller	#29396	Holly Springs, NC
08/20/07	Raymond Ray Rich, Jr.	#4195	Wilkesboro, NC

*North Carolina State Board of
Certified Public Accountant Examiners
Resolution*

WHEREAS, Leonard W. Jones, CPA, has served as a member of the North Carolina State Board of Certified Public Accountant Examiners since 2002;

WHEREAS, during his tenure he served as Secretary-Treasurer, Vice President, and President of the Board,

WHEREAS, during his tenure he served as Chair of the Executive Committee, the Communications Committee, and the Professional Education & Applications Committee;

WHEREAS, during his tenure he served as a member of the Personnel Committee and the Professional Standards Committee;

WHEREAS, he has represented the Board and the profession through his service as a member of numerous committees of the National Association of State Boards of Accountancy and the American Institute of CPAs;

WHEREAS, during his tenure he has faithfully and tirelessly served as a leader in the profession and is an eloquent spokesman for the best interests of the public and the profession;

BE IT THEREFORE RESOLVED that the members of the North Carolina State Board of Certified Public Accountant Examiners thank Leonard W. Jones, CPA, for his dedicated service, his personal sacrifice to serve the public interest, and his leadership to the Board.

This the 20th day of August 2007.

North Carolina State Board of
Certified Public Accountant Examiners

Arthur M. Winstead, Jr., CPA

Arthur M. Winstead, Jr., CPA, President



Disciplinary Actions

Ralph Q. Summerford, #28981
Ralph Q. Summerford, CPA, P.C.
Birmingham, AL 08/20/2007

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent Ralph Q. Summerford (hereafter "Respondent Summerford") is the holder of North Carolina certificate number 28981 as a Certified Public Accountant.

2. Respondent Ralph Q. Summerford, CPA, P.C. (hereafter "Respondent Firm"), is a licensed certified public accounting firm in North Carolina.

3. Respondent Summerford and Respondent Firm contracted with the Wake County Board of Education (Board of Education) to provide a special purpose audit of the Wake County Public School System in compliance with the Board of Education's "Request for Proposal for Audit Services" as issued on August 11, 2005.

4. A "Fraud Vulnerability Assessment" report, purportedly prepared in accordance with Statements for Standards for Attestation Engagement was issued on March 7, 2006, in the name of Summerford Accountancy, P.C. Summerford Accountancy P.C. is not registered to provide professional services in North Carolina. Summerford Accountancy, P.C. is registered as a CPA firm in Alabama. Respondent Summerford is the President of Summerford Accountancy, P.C. Summerford Accountancy, P.C. obtained a certificate of authority in North Carolina for a foreign professional corporation under the fictitious name, Ralph Q. Summerford, CPA, P.C.

5. Kelly J. Todd, the senior engagement manager for the contract with the Board of Education, signed and submitted a cover letter with the "Fraud Vulnerability Assessment" report for issuance in and use in North Carolina with the title, "CPA." Ms. Todd is not now nor has she ever been licensed as a North Carolina CPA. Ms. Todd is licensed as a CPA in Alabama.

6. Respondents wish to resolve this matter by consent and agree that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondents understand and agree that this Consent Order is subject to review and approval by the Board at a duly constituted Board meeting.

BASED ON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondents' actions as set out above constitute violations of NCGS 93-5 and 21 NCAC 08N .0202(b)(10), 0302(a), and .0307(a).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondents agree to the following Order:

1. Respondent Firm and Respondent Summerford are censured.

2. Respondent Summerford and Respondent Firm shall each pay a two thousand (\$2,000.00) civil penalty to be remitted with this signed Order.

3. Respondent shall reimburse the Board the administrative costs regarding this matter.

Brenda Jones Markham, #29062
China Grove, NC 08/20/2007

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 29062 as a Certified Public Accountant.

2. An individual filed a complaint with

the North Carolina State Board of CPA Examiners in which the individual alleged that respondent violated the North Carolina Accountancy laws and rules based on her knowledge of and relationship with the business owned by Respondent's spouse who was the accountant for the individual's business.

3. Respondent's spouse was convicted of misappropriation of funds from the individual's business

4. Respondent claims no knowledge of or involvement in the misappropriation of funds by her spouse, but acknowledges she benefited from the misappropriated funds.

5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved at a duly constituted Board meeting.

BASED ON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(9) and 21 NCAC 08N .0201, 0203, and .0301

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent surrenders her certificate. Respondent shall not petition for modification of this discipline and reissuance of her certificate no sooner than five years from the date of this Order.

Exam Fees

Effective for all Exam applications postmarked on or after August 1, 2007.

Section	AICPA Fee	NASBA Fee	Prometric Fee	Security Fee	Total*
AUD	\$80.00	\$18.00	\$107.33	\$4.00	\$209.33
FAR	\$80.00	\$18.00	\$95.40	\$4.00	\$197.40
REG	\$80.00	\$18.00	\$71.55	\$4.00	\$173.55
BEC	\$80.00	\$18.00	\$59.63	\$4.00	\$161.63

*Total does not include the Board's administrative fees. Initial Exam applicants must pay a \$230.00 administrative fee regardless of the number of sections for which they are applying. Re-Exam applicants must pay a \$75.00 administrative fee regardless of the number of sections for which they are applying.

Certificates Issued

At its August 20, 2007, meeting, the Board approved the following applications for licensure:

<p>Samantha Snyder Akers Rebecca Lynn Anderson Steven F. Astren Edjuardo Massalenus Barbee Hadassah Baum Jonathan Alan Bethel John A. Bitsas Moria R. Brass Kevin Dawson Burns Crystal Michelle Butler Jonathan George Davis Katherine Yeager Dunn Ashley Harbinson Ensley Kristopher Louis Finsel Ryan Curt Godfrey Sharie Renee Griffin Walker James Grossell Mary Neil Hall Colleen Nicole Hendrix Jerry Wayne Hiles Jennifer Alise Hogge Laura Katharine Hughes Anthony J. Infantino William Frank Kauder, III Diana Lynn Kennedy Michelle Pearson Kirkman Robert Charles Kirnard Heather L. Knable Mark James Koziel William R. Lathan, III</p>	<p>Alice McManus Mariano Wayne Mark McLaren John Eric Michos Ray Alton Morrison Ruth S. Morrison Heather Mowat Mark Norwich Jennifer M. Onesko Carey Ann Perkins Shalinee Prasada Bruce A. Quigley, III Nicholas Cohran Reed Benjamin Joseph Remke Christopher Michael Rickli Gunjan Sanghi Jennifer Lynn Smith Elizabeth Crabtree Smolski John P. Somerville Matthew Joseph Spano Daniel Christopher Stephenson Joseph Dale Szaloky William Guy Thoms Lisa Suzanne Vallad Scott Richard Venus Peter Michael Vinci Remona Lynn Wade Justin Matthew Warguska Stephanie H. Wilcox Daniel Alan Yarborough Tina Singer Young</p>
--	--

Lynch *continued from front*

ors from the UNC-CH School of Law and was admitted to the North Carolina State Bar in 1979.

After a clerkship with the Honorable J. Dickson Phillips, Jr., US Circuit Judge, United States Court of Appeals for the Fourth Circuit, she went into private practice.

A Fellow of the American College of Trust and Estate Counsel, Lynch was certified by the North Carolina State Bar Board of Legal Specialization as a Certified Specialist in Estate Planning and Probate Law in 1997.

She is a member of the Wake County Bar Association and the North Carolina Bar Association. Lynch is a past member of the North Carolina Bar Association Estate Planning and Fiduciary Law Section Council and a former chair of its Ethics Committee.

Lynch is a past Chair of the Estate Planning and Probate Law Specialty Committee of the North Carolina State Bar Board of Legal Specialization and served as a North Carolina State Bar Councilor for a number of years. In 2006 the North Carolina Bar awarded her the Sarah H. Davis Excellence Award.

An adjunct professor of law at the UNC-Chapel Hill School of Law and a senior lecturing fellow at the Duke University School of Law, Lynch has written numerous articles on estate planning.

Need a Form or an Application?

The Board has made most of its forms and applications available on its web site, www.nccpaboard.gov.

To access the forms, click on the "Forms" link on the left side of the home page.

In the coming months, many of the forms and applications will be made interactive.

You also may request a form by calling the Board at (919) 733-4222.

*North Carolina State Board of
Certified Public Accountant Examiners
Resolution*

WHEREAS, Thurman L. Gause has served as a member of the North Carolina State Board of Certified Public Accountant Examiners since 2004;

WHEREAS, during his tenure he served as Chair of the Professional Education & Applications Committee;

WHEREAS, during his tenure he served as Chair of the Personnel Committee ;

WHEREAS, during his tenure he has faithfully and tirelessly served as a leader in the profession and is an eloquent spokesman for the best interests of the public and the profession;

BE IT THEREFORE RESOLVED that the members of the North Carolina State Board of Certified Public Accountant Examiners thank Thurman L. Gause for his dedicated service, his personal sacrifice to serve the public interest, and his leadership to the Board.

This the 20th day of August 2007.

North Carolina State Board of
Certified Public Accountant Examiners

Arthur M. Winstead, Jr., CPA
Arthur M. Winstead, Jr., CPA, President





State Board of CPA Examiners

Board Members

Arthur M. Winstead, Jr., CPA
President, Greensboro

Michael C. Jordan, CPA
Vice President, Goldsboro

Jordan C. Harris, Jr.
Secretary-Treasurer, Statesville

Jeffrey T. Barber, CPA
Member, Raleigh

Norwood G. Clark, Jr., CPA
Member, Raleigh

Tyrone Y. Cox, CPA
Member, Durham

Maria M. Lynch, Esq.
Member, Raleigh

Staff

Executive Director
Robert N. Brooks

Deputy Director
J. Michael Barham, CPA

Legal Counsel
Noel L. Allen, Esq.

Administrative Services
Felecia F. Ashe
Vanessia L. Willett

Communications
Lisa R. Hearne, Manager

Examinations
Phyllis W. Elliott

Licensing
Buck Winslow, Manager
Lisa Moy
Alice G. Steckenrider

Professional Standards
Ann J. Hinkle, Manager
Mary Beth Britt
Paulette Martin

North Carolina State Board of
Certified Public Accountant Examiners
PO Box 12827
Raleigh NC 27605-2827

PRSRT STD
US Postage PAID
Greensboro, NC
Permit No. 393

20,500 copies of this document were printed for this agency at a cost of \$3,130.74 or approximately 15¢ per copy in September 2007.

Notice of Address Change

Certificate Holder _____
Last Name Jr./III First Middle
Certificate No. _____ Send Mail to Home Business
New Home Address _____
City _____ State _____ Zip _____
CPA Firm/Business Name _____
New Bus. Address _____
City _____ State _____ Zip _____
Telephone: Bus. () _____ Home () _____
Bus. Fax () _____ E-mail Address _____
Signature _____ Date _____

**Mail to: NC State Board of
CPA Examiners
PO Box 12827
Raleigh, NC 27605-2827**

Fax to: 919-733-4209

Pursuant to 21 NCAC 08J .0107, all certificate holders and CPA firms must notify the Board in writing within 30 days of any change in address or business location.