

Minutes
S. C. Department of Labor, Licensing & Regulation
Board of Accountancy

Board Meeting

THURSDAY, AUGUST 25, 2016, 10:00 A.M.
SYNERGY OFFICE PARK, KINGSTREE BUILDING, ROOM 108
110 CENTERVIEW DRIVE
COLUMBIA, S.C. 29210

NOTE: These minutes are a record of the motions and official actions taken by the Board and a brief summary of the meeting.

1. CALL TO ORDER

Tanya Greenlee, CPA, Board Chair was present and called the meeting of the South Carolina Board of Accountancy to order on August 25, 2016 at 10:05 a.m., with a quorum present. Other Board members present were: Ellen K. Adkins, CPA, Vice Chair, Charles Alvis, CPA, Gale Bell, Accounting Practitioner, Mark Crocker, CPA, David Nichols, Accounting Practitioner, Todd Dailey, CPA, Bob Wood, Public Member, Ronald Hollins, Public Member, Michael Putich, CPA and Brian Johnson, CPA. Also present were Doris Cubitt, CPA, Board Administrator, Prentiss Shealey, Prosecuting Attorney with the Office of Disciplinary Counsel, Mary League, Advice Counsel, Dwayne Eanes, CPA, Investigator, Bridgette Goff, Program Coordinator and Kathy Burgess, Administrative Assistant.

Tanya Greenlee asked the Board Members to introduce themselves for the new members.

- Bob Wood, Public Member, Lawyer with Rogers Townsend & Thomas in Columbia.
- Gale Bell, Accounting Practitioner from Irmo, second term with the Board.
- Mark Crocker, CPA, audit partner with Dixon Hughes in Greenville, second term with the Board, representing the 4th Congressional District.
- Charles Alvis, CPA, Professor of Accounting at Winthrop University, represents the 5th Congressional District.
- Ellen Adkins, CPA, with Webster Rogers, representing the 6th Congressional District, second term with the Board.
- Tanya Greenlee, CPA, from Horry County, representing the 7th Congressional District, works with Burroughs & Chapin in Industry.
- Brian Johnson, CPA, with Suggs Johnson, from Anderson representing the 3rd Congressional District, 1st term.
- Todd Dailey, CPA, with Derrick Stubbs, representing the 2nd Congressional District, 1st term.
- David Nichols, Accounting Practitioner from Newberry, appointed to the Board in 2009.
- Ron Hollins, Public Member, works with Ag First Farm Credit Bank, 1st term.
- Michael Putich, CPA, with Robinson Grant & Company, represents the 1st Congressional District.
- Mary League also introduced herself as Advice Counsel for the Board.

2. CONSIDERATION OF EXCUSES FOR ABSENCES OF BOARD MEMBERS

No absent Board Members.

3. ADOPTION OF AGENDA

MOTION

Charles Alvis made a motion to approve the Agenda, David Nichols seconded the motion. The motion carried unanimously.

4. APPROVAL OF MEETING MINUTES

MOTION

Ellen Adkins made a motion to approve the minutes with clarification to Mr. Alvis's introduction paragraph, to include faculty member with Winthrop University. Gale Bell seconded the motion. After no further discussion, the motion carried unanimously.

5. GUEST SPEAKER, STEPHANIE SAUNDERS, CPA, NASBA MID-ATLANTIC REGIONAL DIRECTOR

Stephanie Saunders, CPA, spoke to the Board regarding updates from NASBA and informed the Board of the NASBA Board meeting held in July in Rapid City, South Dakota. She stated they chose three award winners and will be revealing the winners at the annual meeting. The budget was approved. They held nominations for the next year. The CPE standard changes were approved. They also approved the UAA retired status. An update on the CPA exam was presented on April 1st. On July 18th a paper was sent out with three questions she encouraged the Board to view. Focus questions are due Oct 7th. A regional phone call will be held on September 20th at 10am. The Chair and Executive Director are invited to attend. Registration is open for the annual meeting in Austin Texas October 30th through November 2nd. Scholarships are available through NASBA and the due date is September 30th. She addressed the CGMA issue and stated that it is a topic of discussion. She mentioned the CPA pipeline and encouraging new students to go through the CPA process.

6. BOARD MEMBER TRAINING

Dara Colman, LLR Chief Advice Counsel, introduced herself to the Board. She informed the Board of the training that will be presented to them during the Board member training session. She addressed the responsibilities of a Board member and thanked them for their service to the State. She introduced Sharon Wolfe, Chief Investigator, to give the Board members insight on the investigation process.

Sharon Wolfe presented the Office of Investigation process. She informed the Board by what means a complaint is received and how it is processed within the Office of Investigations.

Prentiss Shealey, Office of Disciplinary Counsel (ODC), presented to the Board the procedures of the formal complaint and how it is received and processed through ODC.

Dara Coleman expressed to the Board the duties and responsibilities of being a Board member. She emphasized the ethical duties of a Board member and how to avoid unethical behavior.

7. OFFICE OF INVESTIGATION REPORT

Chief Investigator, Sharon Wolfe presented the OIE Report. Ms. Wolfe stated that since August 12th, a total of 70 complaints have been received, 7 are currently active, and 30 have been closed.

The IRC report was presented for review.

MOTION

David Nichols made a motion to approve the cases from the IRC. Ellen Adkins seconded the motion. After no further discussion, the motion carried unanimously.

8. OFFICE OF DISCIPLINARY COUNSEL REPORT

Prentiss Shealey from the Office of Disciplinary Counsel (ODC) presented the ODC Report: ODC currently has 28 cases, including some Cease and Desist Orders, 6 cases are pending ODC action, 8 are pending Memorandum of Agreements (MOA's), none are pending Board actions at this time, there are 5 Cease and Desists, 2 pending MOA's that should be going to a hearing, 14 cases have been closed, and there are none on appeal at this time.

MOTION

Ellen Adkins made a motion to adjourn for lunch and Charles Alvis seconded the motion. Motion carried unanimously.

9. SOUTH CAROLINA CPA LEGISLATIVE UPDATE –CHRIS JENKINS

Chris Jenkins presented the Legislative agenda for the year to include annual tax reform with the Department of Revenue, proposing a change to the SC Code of Laws, disaster recovery alignment with the IRS, firm mobility for SC, and addressing the Administrative Law Court changes that restrict a CPA from representing their client.

10. CONSENT AGREEMENTS

A. JOHN MOSCA

Ellen Adkins recused herself.

MOTION

Charles Alvis made a motion to approve the Consent Agreement and Gale Bell seconded the motion. Motion carried unanimously.

B. GWYNN BRABHAM

Ellen Adkins returned.

MOTION

Charles Alvis made a motion to approve the Consent Agreement and Gale Bell seconded the motion. Motion carried with one opposition.

C. CALLIE C COYNE

MOTION

Gale Bell made a motion to approve the Consent Agreement and Charles Alvis seconded the motion. Motion carried with one opposition.

11. CHAIR REPORT

Board Chair, Tanya Greenlee, presented the following comments to the Board:

- Board members need to volunteer for committees. Doris will send an email to Board members with a list.
- Board members need to send Bio's to Doris for the newsletter by the end of September.

12. ADMINISTRATOR'S REPORT

Board Administrator, Doris Cubitt, made these points to the Board:

- The financial report was presented for information purposes.
- The NASBA annual meeting will be held in Austin Texas from October 30th through November 2nd. Board members are encouraged to go.
- The Executive Directors Conference will be March 14th and 16th.
- The 109th annual meeting is to be held October 30th through November 3rd.
- LLR has a new director to the Agency, Emily Farr. Director Farr introduced herself to the Board.
- The new position for Assistant Administrator should be posted within the next few weeks.
- A staff member left and we will be hiring a new administrative assistant.
- Introductions of current staff members.
- FBI background checks are in the final stages.
- Online applications are now live.
- A Survey from the Compliance Assurance Committee was received regarding peer review. They have questions concerning the Board's thoughts on oversight and regarding NASBA's role in oversight.
- Economic interest forms are due by noon March 31st. New Board members must complete the forms when they are appointed to the Board and another on March 31st.
- Board members may order car tags.
- Hearings will be held on regular Board meeting days.
- If a special hearing needs to be held, Board members will be notified.
- Do not speak with anyone regarding Board business. Refer them to the LLR BOA staff.

13. OLD BUSINESS

CGMA:

The Board needs to decide a position to take regarding the CGMA designation. The discussion will be placed on the next Agenda.

14. NEW BUSINESS

Schuler, Mary Ann, Application hearing for a SC reciprocity license

Ms. Schuler is licensed in NJ and has submitted an application for reciprocity in SC. She is on the SC PTIN list and has a South Carolina address. She moved to South Carolina in 2013. She has about twenty SC Clients that she has obtained over the past 3 years.

Deaton, William, Application hearing for a SC reciprocity license

Mr. Deaton is applying for reciprocity from NC. He was on the SC PTIN list. He registered his business in 2004 and opened in Rock Hill in 2006. He does payroll and taxes and has SC clients. Mr. Deaton has not previously applied for a SC CPA license and has not licensed his firm in SC.

MOTION

Ellen Adkins made a motion to go into Executive Session at 2:58pm for legal advice. Brian Johnson seconded the motion. Motion carried unanimously.

MOTION

Ron Hollins made a motion to come out of Executive Session at 3:24pm. Ellen Adkins seconded the motion. Motion carried unanimously. It was noted no votes were taken during Executive Session.

MOTION

Ellen Adkins made a motion to grant Ms. Mary Ann Schuler a CPA license subject to a \$5,000.00 fine for holding out as a CPA, eight hours of Ethics with two hours South Carolina specific, submit documentation to the Board within six months and must be on probation for a period of 5 years. Charles Alvis seconded the motion. Motion carried unanimously.

MOTION

Ellen Adkins made a motion to grant Mr. William Deaton a CPA license by reciprocity subject to a \$5,000.00 fine for holding out as a CPA, eight hours of Ethics with two hours South Carolina specific, submit documentation to the Board within six months and must be on probation for a period of 5 years. Michael Putich seconded the motion. Motion carried unanimously.

Expert Witnesses

Doris Cubitt, Board Administrator, asked the Board to send her a list of people that they would recommend to act as Expert Witnesses.

NASBA Fee Changes

NASBA will be increasing the fees for the exam due to changes to the exam and longer seat time.

Candidate Care Concerns 16Q2

The Candidate Care Concern 16Q2 is a synopsis of issues presented to NASBA's Candidate Care Department from CPA candidates from each testing window.

SC Ethics Course

The Board requires six hours of Ethics and two of those have to be SC specific. The following entities request approval from the Board for their specific course to satisfy the SC Ethics requirement.

- **CPEThink**- request approval for their SC specific Ethics course. The course was offered to the public as a SC approved Ethics course by oversight and did not get approval for the course in advance by the Board. Eleven people took the course to satisfy the SC requirement.

MOTION

David Nichols made a motion to deny CPEThink's request and Gale Bell seconded the motion. Motion carried unanimously.

MOTION

Brian Johnson made a motion that the 11 people who took CPETHink's Ethics course to satisfy their SC Ethics requirement last cycle would need to complete an approved SC Ethics course within 60 days and they can also use that course to satisfy their requirement for the current cycle. David Nichols seconded the motion. Motion carried unanimously.

- The Practice of Accounting in South Carolina (Russ Madray/Elliott Davis Decosimo)

The Board also discussed that Regulation 1-08 (A)(2)(e) needs to be clarified so that "at least" is removed to clarify the SC Ethics requirement.

MOTION

Ellen Adkins made a motion to approve The Practice of Accounting in South Carolina course pending a review by the Board Administrator. Charles Alvis seconded the motion. Motion carried unanimously.

MOTION

Charles Alvis made a motion to exempt Doris Cubitt, Administrator, from taking the SC specific Ethics CPE for the current period of 1/1/2016 to 12/31/2018. Bob Woods seconded the motion. Motion carried unanimously.

Exposure Draft CPE Standards

In the past, the Board has adopted the CPE provider's standards. Those standards are worked on by the AICPA and NASBA and they have added a couple of new items.

- Nano-learning is learning in 10 minute increments. It has been received well. It will take a change in our regulation. The proposal is to allow .2 hours which is 10 minutes of the 50 minute hour that is required by our current regulations.
- Blended learning is an educational program incorporating multiple learning formats. In the Standards is independent study and the Board voted to accept the Standards with the exception of independent study. The Board was not comfortable accepting independent study.

The Board discussed accepting nano-learning, but they will need to write a regulation to send to the Legislature. The CPE Committee will create a draft to present to the Board regarding nano-learning.

Peer Review Change SCACPA- Illinois

- Dick Carol, NASBA response regarding the Peer Review program.
- AICPA Exposure Draft presented proposed changes to the AICPA Standards for performing and reporting on peer reviews.
- AICPA Exposure Draft Supplemental Paper proposed Evolution of Peer Review Administration.
- Ellen and Doris will work on a response for the AICPA and the NASBA questions. They will present the response to the Board at the October 19th Board meeting in order for the Board to respond by the October 31st deadline.

Ethics and Non-CPA Owners Continuing Education

Firm managers and firms are responsible that all Non-CPA owners take 40 hours of CPE per year. Letters were sent out to all of the Firm managers. There were questions raised:

- If a Firm manager changes the structure of the Firm to remove the Non-CPA owner who does not have the required CPE prior to the renewal period, will it be acceptable to the Board to renew without penalty?
- The next question is a NASBA question regarding CPE tracking. Is it correct to interpret that the initial period CPE requirement proration for a Non-CPA owner will follow that of a CPA that was qualified by exam?

MOTION

Brian Johnson made a motion to accept Firm renewals, without penalty, as long as the structure of the firm has changed to remove any Non-CPA owners who does not have the required CPE prior to renewal. We do not have a provision to prorate and a Non-CPA owner will have to meet the full Ethics requirement for the initial 3 year reporting period. David Nichols seconded the motion. Motion carried.

UAA Exposure Draft

Amendments to Uniform Accountancy Act (UAA) Section 6, Recognition of Foreign Professionals and UAA Model Rules Article 5 Changes for Examination. In April, the AICPA and NASBA Boards of Directors each approved for exposure changes to the Uniform Accountancy Act that would simplify the international pathway for licensure and the NASBA Board approved exposing changes updating the Uniform CPA Examination Model Rules. Comments on this proposal are requested by September 1st 2016. The Board had no comments to submit.

Accreditation and Acceptable Courses

Changes in Education-SCBOA Board Meeting April 28, 2016.

Charles Alvis and Doris Cubitt will form an Education Committee and Charles will confer with colleagues in education to investigate the education changes and report back to the Board.

Excerpt from April 28, 2016 Board Meeting Motion

The excerpt from the April 28th Board meeting was in the Board's materials to include the motion the Board made regarding education.

Firm Mobility

The AICPA sponsored an educational workshop on the definition of attest and CPA Firm Mobility. The Board discussed Firm Mobility and expressed concern with what jurisdiction, if any, they would have over firms not licensed in our state.

Approval of the Exam Grades

MOTION

Ellen made a motion to approve the exam grades for the second quarter. Gale Bell seconded the motion. The motion carried unanimously.

15. PUBLIC COMMENT (NO VOTES MAY BE TAKEN)

As no members of the public were present, no public comments were taken.

16. ADJOURNMENT

MOTION

Charles Alvis moved to adjourn at 5:35 pm, seconded by Ellen Adkins. After no further discussion, the motion carried unanimously.

Respectfully submitted,
Doris E Cubitt, CPA
Administrator

Approved at the October 19, 2016 Board Meeting.