

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

Board Meeting

Thursday, November 12, 2015, 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

Mark Crocker, CPA, Board Chair was present and called the meeting of the South Carolina Board of Accountancy to order on November 2, 2015 at 10:14 a.m., with a quorum present. Other Board members present were: Ellen K. Adkins, CPA, Gale Bell, Accounting Practitioner, Tanya Greenlee, CPA, Ron Hollins, Public Member, and David Nichols, Accounting Practitioner. Also present were Doris Cubitt, CPA, Board Administrator, Andrew Rogers, Defense Counsel, Mary League, Advice Counsel, Dwayne Eanes, CPA, Investigator and Bridgette Goff, Program Coordinator.

Consideration of Excuses for Absences of Board Members

Donny Burkett had notified Board and Board staff that he had a conflict and could not present for beginning of meeting.

MOTION

David Nichols made a motion to excuse Donny Burkett; Ellen Adkins seconded the motion, after no further discussion the motion carried unanimously.

2. Adoption of Agenda

MOTION

Ellen made a motion to move 12G to after ODC report and Item #9 Chairman's remarks right after adoption. Tanya Greenlee seconded the motion, after no further discussion the motion carried unanimously.

3. Chairman's Remarks

Chairman Mark Crocker introduced new board member, Ron Hollins. He also remarked about previous evening's Oath Ceremony and Centennial Celebration of SCACPA. Chairman Crocker commented that attendance at Oath Ceremony was disappointingly low. Doris Cubitt responded that she would like to send a letter to firm managers to encourage them to permit new CPAs to attend Oath Ceremony. Chairman Crocker made a brief comment about SCDOR's new software.

4. Approval of Meeting Minutes

MOTION

Ellen Adkins moved to make corrections to August 27, 2015 Board minutes as follows: the last sentence of #10, "Ms. Commented" should read "Ms. Cubitt" and #6 "David made second". David Nichols seconded the motion, after no further discussion motion carried unanimously.

5. Office of Investigation & Enforcement Report

OIE Report: Inv. Eanes presented for Chief Inv. Sharon Wolfe. From Jan. 1-Nov. 6, 38 cases, of those 13 are currently active, 36 closed (some from 2013-2014). Mr. Eanes asked for approval of cases presented at Nov. 3 IRC included in their packets.

MOTION

Gale Bell made a motion to approve the cases from the IRC, David Nichols seconded, after no further discussion the motion carried unanimously.

6. Office of Disciplinary Counsel Report

ODC Report presented by Andrew Rogers: ODC currently has 16 open cases, of those 12 pending actions, only 7 respondents, one pending CA out for consideration. There are three pending board actions, two of which are Consent Agreements next on the agenda. Six cases have been closed since beginning of year.

Andrew Rogers explained his and Inv. Eanes' respective roles and purpose of IRC to Mr. Hollins and process of prosecuting cases.

7. Consent Agreements

2013-33 Susan Flanigan Ureda: the consent agreement mirrors disciplinary action in NC where she was unable to support a tax position taken on a client. The consent agreement is solely a reprimand.

MOTION

Tanya Greenlee made a motion to accept the consent agreement; David Nichols seconded the motion, after no further discussion the motion carried unanimously.

2014-22 Audrey June Lennon: the consent agreement recommendation is permanent revocation of licensure without fines. Licensee was granted CPA license in 1978. She operated as a sole proprietor. In Nov.2009 licensee borrowed \$100,000 from a client's trust account at 5% interest. A promissory note was signed and notarized by respondent. No payments were made until 2014. Both the firm and individual licenses lapsed whereupon licensee was sent a Cease and Desist order that she could not hold out as a CPA. Respondent agreed to facts in this case. Ellen Adkins questioned if client agreed to the original loan but since client has passed away it is unclear. The family was unaware of the loan. Ellen Adkins also questioned why no fines were recommended. Mr. Rogers stated it was an incentive to get respondent to sign CA. Mr. Hollins questioned if follow-up investigation would be made after CA if approved. Andrew said they can follow-up once that inspection right is implemented, but due to respondent's failing health he did not believe she would continue to practice. Mary interjected that Board can request action that does not change the consent agreement.

MOTION

Ellen Adkins moved to approve the consent agreement, Gale Bell seconded the motion, after no further discussion the motion carried unanimously. Chairman Crocker asked the department staff to follow up to the best of their ability.

8. Advice Counsel Review and Legal Update

Mary League gave the results of NC dentistry case where Board acted outside its scope which resulted in NC Board of Dentistry being sued. She suggested that the Board be cautious and be aware of the upcoming FTC rulings.

9. Administrator's Report

Board Administrator, Doris Cubitt, described realignment of the boards she was responsible for and introduced new Board staff members, Adriane Mack and Christina Fiber.

She mentioned to the board that financial report copies were in their packets. Ellen asked about item 10A1, last line, last section, \$14000 +/- . That item is payment of fine by Green & Co which is transferred to State Treasurer's Office.

NASBA Focus Questions:

FQ1) has board considered proposed changes to Uniform Accountancy Act and model rules to create a retired CPA category? Doris explained our Emeritus status, that in the past the board had decided either you're a CPA or you're not a CPA. Our Emeritus status does not have an age limit but is a person retired from public accounting and does not allow them to receive compensation. The exposure draft suggests they can't receive compensation, be at least 55 years old, they can offer volunteer tax prep services as long as they are competent, can participate in government sponsored mentoring services and can serve on a board of a non-profit but all activities must be uncompensated. Ellen questioned the "if competent" clause, she questioned if a retired CPA would accurately self-assess if s/he is competent. Doris said that it would probably be complaint driven and that's when we would check them for their competency. Doris Cubitt said maybe we would need to have FAQs that address what types of services they would be allowed to perform. Gale Bell asked how Emeritus status is currently used and Doris Cubitt responded that they can have business cards or letter head that say "CPA Emeritus". For our Emeritus status they must complete an application and renew annually without fee or CPE. ** The Board feels that our Emeritus status is substantially equivalent to the proposed status however would like to know under the UAA what that avenue would be if someone wanted to become active again.*

FQ2) NASBA has updated their strategic plan and part of that plan is to increase the volume of CPA candidates. What is the board doing to support that plan? **Our board, because we deal with licensing and discipline as a whole, has not done anything but our state association has.*

FQ3) What is your board doing to ensure that ethics continuing education courses you require remain relevant? We have the one 2-hour course state specific ethics course offered by about 10 different providers. **We're encouraging providers to update it as the laws change.*

Tanya Greenlee interjected that she felt that we would have an issue with licensees taking the same two hour course three times. Ellen Adkins asked if SCACPA could put on their website CPEs that the course could be taken only one time in the three year period. She also asked if those licensees who had taken the two-hour state ethics course three times be allowed until March 30 to take the missing hours that would count for 2015, provided that the licensee had met the 40 hours minimum requirement otherwise. Add that to January board meeting agenda and add to website news and FAQ.

FQ4) What is happening in your jurisdiction that is important for other states and NASBA to know? * *Expansion of our board size now by congressional districts, a CPA Investigator, inspection guidelines and working on establishing a PROC.*

FQ5) Can NASBA be of any assistance to your board at this time? * *Newsletter, ask the NASBA editorial staff to keep us in the loop if they have an article of a regulatory nature. Doris Cubitt requested volunteers to offer articles for the newsletter. She would like quarterly newsletters, but will settle for twice a year.*

Doris Cubitt reported on the NASBA annual meeting where board member Donny Burkett was installed as Chairman.

She relayed the current status of the Inspection Committee. She, Ellen Adkins and Dwayne Eanes met to discuss the use of inspections. They developed a checklist as an example of questions that might be asked. This item to be discussed further at the January 26, 2016 Board meeting.

The Board took a five minute break. Donny Burkett arrived during the break to join the remainder of the meeting. The Board reconvened at 11:40.

Board member Ron Hollins asked about taking notes on his personal device. Ms. League asked that he not take any notes from Executive Session that would be taken out, to be careful about personal or sensitive information and lastly anytime you do public business on a personal device, that device can be subpoenaed and anything on that device can be reviewed when someone is looking for something as part of your public persona. No private or personal information should ever leave the board room, such as a person's medical history, tax numbers, anything protected by federal law, etc.

10. Old Business

PROC update: The board is working on establishing what that committee will do. Doris Cubitt asked board members to please review the relevant items in the board package. Questions to consider for the January meeting: How many members will be on PROC? (Probably no more than five members, no sitting board members) Will there be a stipend? What kind of report from the PROC? When/how often does the board want a report?

Guidelines for assessing fines and sanctions: The IRC uses guidelines for assessing fines and sanctions. Doris Cubitt asked the board to review the guidelines included in the board packet to see if the board still thinks the guidelines are appropriate. She also asked that they review guidelines for reinstatement. Since some people lapse for years, should guidelines be changed?

Firm Inspection Guidelines: Inv. Eanes provided questionnaires for Board packet by that may be used. Inv. Eanes asked if Board wanted inspections to be risk-based or more specific. Specific inspections would lose the element of unannounced inspections.

11. New Business

Michael Teague conveys his thanks

Doris conveyed Michael Teague's appreciation for the personal gift the board sent to him for his retirement.

Approval of Requests for CPE Extensions

William C. Robinson, CPA #615

MOTION

Ellen Adkins made a motion to allow an extension until 12/31/16 to complete 2015 CPE, Donny Burkett seconded the motion. After some discussion about the health status of licensee, motion carried unanimously.

John M. Kunst, CPA #3776 (from handout):

MOTION

Ellen Adkins made a motion to allow extension until 12/31/16 to complete 2015 CPE, Donny Burkett seconded, after no further discussion motion carried unanimously.

Kimberly G. Hill, CPA #5560:

MOTION

Licensee requested extension until 3/31 to complete 2015 CPE. Donny Burkett made a motion to deny request for extension requested, David Nichols seconded the motion, after no further discussion motion carried unanimously.

UAA and Model Rules – CPA-Retired Status

CPA retired status discussed, no decision reached

State Board Peer Reviewer Requirements Survey

Peer reviewer license survey: does peer reviewer have to have a license, as long as they are not doing an audit, if they meet the requirement for mobility, then we don't require them to have a license. If they've done an audit the firm has to have a license.

Approval of SC Ethics Course

Two courses on state ethics were submitted for approval. Donny Burkett recused himself from voting since one course was his course.

MOTION

Because Doris Cubitt already reviewed both courses, Ellen Adkins made a motion to approve both courses; Tanya Greenlee seconded the motion, after no further discussion motion carried unanimously.

Discussion of SSARS 21 – Requirement for Peer Review

SSARS 21 replaced SSARS 8, which did not require a peer review. Since SSARS 21 is prepared financial statements, do they need to have a peer review? Most states are not requiring you to have a peer review if practitioner is not required to have a separate peer review. If a practitioner does only “financial statement preparation services” as the highest level of service, then the practitioner is exempt from peer review. But if you do anything else that subjects practitioner to peer review, then these prepared financial statements must be included in peer review.

MOTION

Donny Burkett made a motion to exempt licensees from peer review if they do not do anything else that subjects them to peer review. Gale Bell seconded the motion, after no further discussion motion carried unanimously. Ellen Adkins mentioned that the statute, which addresses proper wording of a compilation report for a non-CPA licensees, needs revision and Donny requested that the item be added as an FAQ. Mark Crocker asked about the Board and Board’s staff’s role in promulgating legislation. Doris Cubitt responded that the Board/Board staff makes suggestions to SCACPA and SCACPA brings issues before Legislature.

Consideration of Disciplinary Consent Agreements and other Actions

Consent Agreements considered earlier

South Carolina International Evaluations

SC International Evaluations: there is a concern about fraudulent transcripts. This item is for the Board’s information.

CPA Exam Exposure Draft

The proposed change to the tests is have each section be a four hour test, adding simulations to BEC which is currently only multiple choice questions and all exams will test at a higher level. This item is for the Board’s information.

3rd QTR Testing Window Statistics

Third quarter testing window results are in the Board packet. This item is for the Board’s information.

Analysis of NTS Expiration vs Attendance

Candidates apply and pay for test, receive NTS and don’t show for test. This item is for the Board’s information.

Approval of 3rd QTR CPA Exam Grades

Third quarter CPA exam grades: Donny made a motion to accept the third quarter exam grades, David Nichols seconded the motion, after no further discussion motion passed unanimously.

Board Member Hollins had to excuse himself from the remainder of the meeting.

Approval of 2016 Travel for Board Members

Donny Burkett made a motion that four people attend NASBA's Executive Director's and Legal Counsel meeting; one staff and two board members to NASBA's regional and annual meetings, not including scholarships extended to new board members. Gale Bell seconded the motion, after no further discussion motion carried unanimously.

Election of Officers

Ellen Adkins presented the tradition of the Board (see e-mail) that all elected officer positions including chair and vice-chair have been one term. Traditionally the chair and vice chair have been CPAs. The position of secretary has been held by both CPAs and non-CPAs. To allow all interested board members the opportunity to serve in elected officer positions, she suggested that with rare exceptions that elected officers adhere to one year terms. Gale Bell nominated Tanya Greenlee for Chair, Ellen Adkins as Vice Chair and David as Secretary.

MOTION

Gale Bell made a motion to approve the slate, Donny Burkett seconded the motion, after no further discussion motion carried unanimously.

12. Public Comment (No Votes May Be Taken)

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

13. Adjournment

MOTION

Ellen Adkins moved to adjourn, seconded by Donny Burkett, after no further discussion motion carried unanimously.

Respectfully submitted,
Doris E Cubitt, CPA
Administrator

Approved at the January 26, 2016, Board Meeting.

Tanya Greenlee, CPA, Chair