

Minutes of the South Carolina Board of Accountancy
Thursday, January 29, 2004 at 12:30 PM. in Meeting Room 111
Synergy Office Park, Kingstree Building, 110 Centerview Drive
Columbia, South Carolina

H. McRoy Skipper, Chairman, called the meeting of the South Carolina Board of Accountancy to order at 12:30 P.M. with a quorum present. Other Board members present: Debra A. Turner, Vice-Chairman, Charles L. Talbert, III, Secretary, K. Brodie Brigman, Jr., Donald H. Burkett, Joseph S. Cone, Robert T. Forster, and Jamison W. Hinds.

All Board Members were present. One Board Member position is legally vacant at the present time awaiting appointment by the Governor.

Staff members participating during the meeting included: Doris E. Cubitt, Administrator, Sharon Dantzler, Deputy General Counsel, LLR-Office of General Counsel, Larry Hall, Investigator, Austin M. Sheheen, Chairman of IRC, and Margery McWhorter, Administrative Assistant.

The Chairman announced the meeting was being held in accordance with section 30-4-80 of the South Carolina Freedom on Information Act by notice mailed to The State Newspaper, Associated Press, WIS-TV and all other requesting persons, organizations, and/or news media. In addition, notice was posted on the bulletin board at the main entrance of the Kingstree Building.

A moment of silence was observed after which Brodie Brigman led all present in the Pledge of Allegiance to the Flag of Our Country.

1. On motion by Donald Burkett, seconded by Debra Turner, and unanimously passed, an agenda was adopted for the meeting.
2. On motion by Brodie Brigman, seconded by Donald Burkett, and unanimously passed, the minutes of the meeting held on Wednesday, December 3, 2003, were approved.
3. Executive Session:
On motion by Jamison Hinds, seconded by Donald Burkett, and unanimously passed, the Board went into executive session to receive legal advice. Upon coming out of executive session on motion by Debra Turner, seconded by Donald Burkett, and unanimously passed, the Chairman announced that no vote had been taken.
3. Complaint/Investigative Activity:

The three consent orders were presented to the Board with the following actions taken:

- A. Jerry L. Kingsmore, CPA, on motion by Donald Burkett, seconded by Debra Turner, and unanimously passed, an amended Consent Order was approved as written. After submitting 24 hours of CPE in auditing he is to come back to the Board to be reinstated to full scope of practice. A copy of the order is attached to these minutes and will be made part of the public record.

Item #4. Complaint/Investigative Activity: continued

- B. Susan S. Moore, CPA, on motion by Debra Turner, seconded by Donald Burkett, and unanimously passed, the Consent Order was sent back to the IRC to consider the SEC order and find the status of the AICPA investigation. Ms. Moore appeared before the Board and discussed the Consent Order. This will be reconsidered as soon as the additional information is obtained.
 - C. Ellison D. Smith, V, CPA, on motion by Brodie Brigman, seconded by Debra Turner, and unanimously passed, the Consent Order was accepted, and after submitting 16 hours of CPE he is to come back to the board to be reinstated to full scope of practice. A copy is attached to these minutes and will be made part of public record
 - D. The list of new complaints was presented and received as information by the Board. The following cases were dismissed on motion by Donald Burkett, seconded by Robert Foster, and unanimously passed: 57-1174, 57-1260, and 57-1261.
5. Information Update:
- A. There were no remarks by the Chairman.
 - B. Advisory Opinions: Sharon Dantzer stated that a review of the current regulations would permit the candidates to sit for the computerized exam.
 - C. Legislative Update: This report is included in the report of the Regulation/Legislative Review Committee.
 - D. The Administrator's report was received as information and included the following:
 - 1. The following proposed dates for Board meetings to be held in 2005 were approved by consensus: Wednesday, January 26; February - no meeting; March - no meeting; Thursday, April 28; May - no meeting; Thursday, June 23; July - no meeting; Thursday, August 25; September - no meeting; Thursday, October 27; November - no meeting; and Thursday, December 8. All meetings in 2005 are scheduled for room 108
 - 2. The Administrator will be attending the Executive Directors' conference February 8 through 11. She has a speaking engagement set for the Educators' Meeting on March 12 and 13. On February 4 she will be speaking to the Beta Alpha Phi at Winthrop University concerning changes in the examination.
 - 3. National Data Base Project - The Administrator has talked with NASBA and they will send a representative to South Carolina to review the information we have on our data base to determine what would be useful. It will be six to nine months before NASBA is ready to transfer any information to the database. They hope to have the pilot states in the database by the end of this year.

4. The Board of Accountancy will be on the new computer system by the end of February and this, among many other advantages, will enable the licensees to pay their renewal fees on line with a credit card provided their continuing education has been met.
- E. The financial report was received as information.
6. On motion by Charles Talbert, seconded by Debra Turner, and unanimously passed, the board went into executive session to receive legal advice. Upon coming out of executive session on motion by Debra Turner, seconded by Joseph Cone, and unanimously passed, the Chairman announced that no vote had been taken.

Action Items:

7. Old business. There was no old business.
8. New Business:
 - A. Qualifications for Licensure Committee: Jamison Hinds reported that he had performed a review of a random sampling of the credentials of applicants for certificates and found no exceptions. On motion by Charles Talbert, seconded by Robert Foster, and unanimously passed, the CPA and Accounting Practitioner Certificates issued December 4, 2003, through January 29, 2004, were approved. (Attachment #1.)
 - B. CPE/Renewal Committee. No report. There was discussion as to the definition of personal development courses for CPE. The consensus was that this would all be covered in the new regulations.
 - C. Experience/Education Committee: No report.
 - D. Regulation/Legislative Review Committee: Charles Talbert reported at 9:30 am this morning Joseph Cone, McRoy Skipper, Brodie Brigman, Robert Foster, Doris Cubitt and Charles Talbert attended the property and Regulatory Sub-Committee of the LCI of the Senate to go over a synopsis of the legislation that had been introduced. Sub-Committee chair was Senator Alexander. Other members were Senator Drummond, Senator Setzler, and Senator Mescher. Mr. Fish, Accounting Practitioner, spoke on behalf of the SCSA. Cheryl Cox spoke on behalf of the technical schools and the committee recommended meeting again to work on some compromises to the bill. There were some technical changes to the bill such as misspelling, etc. The composition of the Board was also addressed. It now stands that six seats can be filled by a CPA, PA or Accounting Practitioner with no required number of any class of license.

If Accounting Practitioners are grandfathered, it was suggested by Senator Mescher that the Accounting Practitioner would need to undergo the same peer review required by CPAs. By consensus the Board agreed that if they can come up with

Item #8. New Business: D. Regulation/Legislative Review Committee: continued

some type of language that the Accounting Practitioner can use then they would not have to undergo peer review. However, if the Accounting practitioner uses SARRS language, they would have to undergo peer review.

After much discussion, Joseph Cone stated that he personally did not like to use the SARRS language but doesn't know how to avoid using it. He also stated that Dept of Transportation and Dept of Social Services would not accept a compilation prepared by an Accounting Practitioner. He said he was looking for ways to get around using SARRS language and having the report be accepted. The Board asked the Administrator to check with other agencies as to which agencies would accept a compilation prepared by an Accounting Practitioner without using the SARRS language. He stated that "Safe Harbor Language" has a negative connotation and thought that if the language were identified by another title it might have a better reception. It was suggested that Joseph Cone work on coming up with an acceptable language that would be used exclusive by Accounting Practitioners. Mr. Cone stressed that he was not speaking on behalf of the SCSA.

After discussing compilations by Accounting Practitioners that are not acceptable to the Contractor's Licensing Board, Sharon Dantzler suggested that the Administrator set up a meeting between the Chairman of the Accountancy Board and the Chairman of the Contractors' Licensing Board to determine if a solution can be worked out.

- E. Computerized Examination Committee: Brodie Brigman reported that the CBT is still on track with the first exam to be given on April 5, 2004. Information concerning the exam fees, conditional credit, how to apply, etc., was handed out to the board members and is available for candidates to see as a link from the Accountancy Board web site. A sample of the exam will be available next week if someone wants to try it. The biggest problem is getting people signed up and scheduled for the exam. The Accountancy Board web site is to have a link to NASBA website and the CPA Exam website.
- F. Position Response Committee. The Board discussed the responses prepared by Debra Turner concerning the Board's position on Sarbanes Oxley and how the Board will implement the guidelines that are laid out in the discussion draft. UAA committee is working on revisions.
- G. November 2003 CPA Examination Committee.
 - 1. Joseph Cone reported that he had reviewed the examination procedures and security procedures and found them to be in order.
 - 2. Doris Cubitt reported there were two candidates reported in the unusual similarities reported for this examination. Additional investigation by CPAES

Item #8. New Business: G. November 2003 CPA Examination Committee: continued

indicated there was no reason for concern and added that the explanation was that the candidates had passed with high grades and therefore had similar answers.

3. On motion by Charles Talbert, seconded by Joseph Cone, and unanimously passed, the AICPA grades for the November 2003 CPA examination were approved.
 4. Joseph Cone reported a doctor's statement had been received but no request from the candidate as to what he was requesting. By consensus the board agreed that if the request for a refund is received, the Administrator may approve that refund.
- H. Investigative Guidance Committee: Jamison Hinds reported that the committee had met and gave the Board a rough draft of the proposed guidelines and structure of the committee. After receiving suggestions, a final draft of the guidelines will be presented to the Board at the April meeting.
- I. On motion by Charles Talbert, seconded by Donald Burkett, and unanimously passed the proposed new renewal form was approved with changes. A copy is attached to these minutes. This form will have a password that will enable the licensees to pay their renewal fee on line with a credit card, provided their CPE has been met.
- J. On motion by Brodie Brigman, seconded by Charles Talbert, and unanimously passed, the board instructed the administrator to send to NASBA a second to the nomination of Wesley P. Johnson for the position of Vice Chairman of NASBA for the 2004-2005 fiscal year.
- K. The Agreement between CPA Examination Services and South Carolina Board of Accountancy concerning the administration of the CPA examination by CPAES was approved on motion by Charles Talbert, seconded by Donald Burkett, and unanimously passed. It will be sent to the Director for signature.
9. There was no public comment.
10. The next meeting dates are as follows:

For the year 2004: Thursday, April 22 (Room 108); May – no meeting; Thursday, June 17 (Room 108); July - no meeting; Thursday, August 26 (Room 111); September – no meeting; Thursday, October 28 (Room 108); November – no meeting; Thursday, December 9 (Room 111).

Members are to reserve the afternoon before each meeting in the event a hearing is scheduled.

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11. The meeting adjourned at 4:30 p.m. on motion by Robert Foster, seconded by Jamison Hinds and unanimously passed.

Respectfully submitted,

Doris Cubitt, Administrator