

Minutes of the South Carolina Board of Accountancy
Thursday, December 6, 2007, at 9AM in Room 108 (Board Meeting)
Synergy Office Park, Kingstree Building, 110 Centerview Drive
Columbia, South Carolina

Donald H. Burkett, CPA, Vice-Chair, called the Board Meeting of the South Carolina Board of Accountancy to order on December 6, 2007, at 9:05 a.m., with a quorum present. Other Board members present were Mark T. Hobbs, CPA; Bobby R Creech, Jr., CPA; John Camp, CPA; Joyce Green, Public Member; and Wendell Lunsford, Accounting Practitioner.

The Board excused the absence of Anthony Callander, CPA from the Board meeting based on advance notice.

Staff members participating in the meeting included: Doris E. Cubitt, Administrator, Michael R. Teague, Administrative Assistant and Amy Holleman, Administrative Specialist.

Guests in attendance were Sharon Dantzler, Office of General Counsel; Rion Alvey, Program Manager for Office of Investigation and Enforcement (OIE), along with Sharon Wolfe, and Maurice Smith; Paula Magargle, Office of General Counsel for LLR; Erin Hardwick from the SC Association of CPA's (SCACPA); and Gail Bell representing the SC Society of Accountants.

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

The Board observed a moment of silence after which Mark Hobbs led all present in the Pledge of Allegiance.

1. On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board adopted the agenda as presented.
2. On motion by Mark Hobbs, seconded by John Camp, and unanimously passed, the Board approved the minutes of the meeting held on August 23, 2007.
3. Complaint & Investigative Activity:
 - A. Consent agreements and other special matters:

Rex E Wicker, CPA #3527 Case #2007-14. On motion by John Camp, seconded by Bobby Creech, and unanimously passed, the Board approved the consent agreement as presented. A copy is attached to these minutes and will be made part of the public record.

Cecil B. Duren, CPA #1869 Case #2007-17. On motion by John Camp, seconded by Mark Hobbs, and unanimously passed, the Board approved the consent order as presented.

- B. Rion Alvey, Office of Investigation and Enforcement, presented the list of new complaints, and the Board received them as information. (Copy of report attached)

The Board wants to continue to use the ReLaes Issue Summary to view the complaints. The Board also wants the staff to have an update of the Issues Pending Board Action at each meeting.

John Camp asked if OIE has specialized investigators that know what to look for involving accounting skills. Mr Alvey indicated that there are very few investigators in OIE that are licensed in the profession when they are assigned. OIE does not hire any entry level investigators, but will supplement when warranted the expertise of other LLR employees. Mr Camp asked if there was anything the Board could do to make sure to gain the right kind of talent in order to investigate accountancy issues. Mr Alvey reassured the Board that steps have already been taken in that area; Mr Jim Holloway is being secured to help in those situations.

Mr Camp wanted to know how the Investigation Review Committee (IRC) process is handled. Mr Alvey stated that IRC consists of the Board Administrator, the litigating attorney, the investigator, and a professional member. The investigator brings the investigations and the committee discusses, and makes decisions regarding the cases. Maurice Smith is the primary investigator for the Accountancy Board. The Investigator gathers the information, if the other committee members request further information the investigator needs to provide the additional information. Mr Alvey stated that he rotates the investigators to different Boards in order for the investigators to be better crossed trained.

- C. The Board approved the following case for dismissal on motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed: Case No. 2007-27. (Copy of report attached)
4. Erin Hardwick, Executive Director, South Carolina Association of CPA's (SCACPA), made a presentation to the Board concerning Interstate Practice Mobility allowing CPA's to practice across state lines without notifying the state boards. (Copy of report attached)

The SCACPA Board of Directors voted unanimously to join a national movement pushing for interstate mobility and to support changes to South Carolina's accountancy practice act to allow for mobility in our state. They would like the Boards support in this area.

On motion by Mark Hobbs, seconded by Joyce Green and unanimously passed, the Board agreed to partner with SCACPA regarding mobility in the CPA profession.

5. Information Update

A. Chair's remarks: None

B. Advisory Opinions: None

Legislative Update: None

C. The Board received the Administrator's report as information, and the report contained the following:

LLR has identified the Accountancy Board as one of the pilot Boards for data streaming Board Meetings. At first, meetings will be recorded and archived. Eventually, LLR wants to be able to have live feeds of Board Meetings.

The Board decided to change the January 2008 meeting from the 23rd to the 30th, the Board Meeting scheduled for October 2008 was moved to September 24th. All future meeting dates for October will be changed to September as not to conflict with the Annual NASBA Meeting.

Mr Hobbs mentioned that the Oath Presentation ceremony was a success at the SCACPA Annual Meeting held at the Radisson Hotel on the evening of November 9, 2008. He thanked all the efforts of Erin Hardwick and her staff in helping to pull the event together. Mr Hobbs suggested to have the presiding Board Chair to make a presentation at all future SCACPA Annual Meeting. Mr Burkett also mentioned that he received positive responses to the ceremony and that we should continue with the presentations. Ms Cubitt is going to poll other states to see what they are doing regarding certificates. Apparently Oklahoma holds the certificates and presents them at a ceremony. We could issue their license card to practice and hold the certificate for the ceremony. Mr Burkett asked to have a recommendation for the January Board Meeting as to what the SC Board should do in the future.

D. The Financial Report: The Board received the financial report as information.

6. Old Business. There was no old business

7. New Business

Regulation/Legislative Committee

A. Peer Review Committee: Mark Hobbs

Mr Hobbs presented to the Board a Peer Review update (Copy of report attached). The Board made a requirement for all accounting firms

involved in Compilations, Audits and Reviews to be enrolled in a Peer Review program by January 1, 2007.

Quite a few firms did not enroll by the deadline, 118 firms enrolled afterwards, 92 of which are not members of the AICPA and fall in the SCACPA Peer Review program. Mr Hobbs asked what should be done to the firms that have enrolled late. Mr Camp indicated that there should not be anything done to those folks as it was the first year mandating this requirement but to have December 31, 2007 as the grace period deadline.

Mr Hobbs brought to light that the Board should have a better way to communicate with licensees regarding Peer Review. There appears to be a gap between the Board and licensees. He suggested using our newsletter more frequently. To have a voice concerning Peer Review and other Board related matters.

Ms Cubitt informed the Board that we do have a newsletter, not on an established basis but when time warrants. Information has gone into the newsletter regarding the Peer Review program. Information has been relayed to all licensees through their renewal notices and has worked with SCACPA in putting information out through their publication and by providing five seminars throughout the state that Mr Hobbs conducted.

Ms Dantzler interjected that we should not deny a firm from renewing if they did not enroll in a Peer Review program but allow them to renew with the condition that enrollment is completed by a certain date. These intermediate dates to sign up by are not in the statute.

On motion by John Camp, seconded by Mark Hobbs and unanimously passed, the Board voted to recognize the firms that have enrolled after the January 1, 2007 deadline as being late but any who enroll before December 31, 2007 will be accepted without penalty.

On motion by Mark Hobbs, seconded by John Camp and unanimously passed, the Board Voted the following:

1. Once firms enroll with the SCACPAs Peer Review program, they are allowed 18 months to have their Peer Review completed.
2. Firms that quit doing A&A work, Compilations and issuing of reports by December 31, 2007 do not have to be enrolled in the Peer Review program and do not have to be subject to the program for the period from 2004 through 2007.

Mark Hobbs pointed out that SCACPA's budget for the Peer Review program and the actual expenses have a shortfall of some \$68,250. He suggested for 2008 that the Board to subsidize SCACPA's budget shortfall out of the Accountancy Board's treasury, split over 12 months. After 2008 there are a couple ways to fund it:

1. Firm Fee Increases
2. License Fees (Increase on \$10 or \$15 each)
3. Have SCACPA collect it (Burdensome on the firms, cost too much, doubling)

Sharon Dantzler will research the procurement statutes and regulations and report back to the Board at the January 2008 Board meeting as to their options in helping to pay for the short fall.

B. Report of Education/Experience Committee: Bobby Creech

Ms Cubitt reported that the Board traditionally has not counted CPA Exam review courses, such as Becker sponsored courses, toward the 150 semester hour requirement. The CPA Exam review courses are geared toward passing the CPA Exam. A lot of colleges are using the Becker review courses to help prepare students for the CPA Exam. Here recently, we had a candidate who had gone to Furman. He needed additional hours so he signed up with Keller Graduate School of Management a subsidiary of DeVry as is Becker. When looking at the Keller transcripts, Keller had transferred the Becker CPA Exam Review course, stating it was a Furman course and gave this individual additional credit. Should we be considering review courses as education?

On motion by Bobby Creech, seconded by Mark Hobbs, and unanimously passed, as part of the Boards education requirement, we will not allow any credit for CPA Exam review courses.

C. Report of CPE Committee: Bobby Creech

No Report

D. Report of Examination/CBT Committee: Anthony Callander

On motion by John Camp, seconded by Bobby Creech, and unanimously passed, the Board voted to grant Ana Diez' request to extend her BEC credit date through 1/31/08.

E. Other Professional Issues Committee: Wendell Lunsford

Focus Questions – Answered by full Board (Copy attached)

F. Report of Qualification for Licensure Committee: Anthony Callander

On motion by Mark Hobbs, seconded by Bobby Creech and unanimously passed, the exam grades for the July/August testing window were reviewed and accepted by the Board.

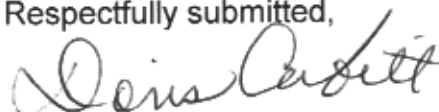
G. Report of Character and Fitness Committee: John Camp

No Report

8. On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board approved the 2009 Board Meeting calendar.
9. Mr Hobbs wanted to know the status of the newsletter. There appears to be a disconnect in getting information out to our licensees. The Board needs to publish newsletters more frequently. Mr Burkett wants an update as to the possibilities to the newsletter at the next meeting.
10. Mr Camp inquired about providing some sort of relief to those licensees that have been in the profession for more than 50 years and are still completing 40 hours of CPE. He indicated that it is a burden on some people. Mr Burkett mentioned that it will need to be addressed as a statute change.
11. On motion by Mark Hobbs, seconded by Bobby Creech, unanimously passed, the Board went into Executive Session to discuss personnel issues. On coming out of executive session on motion by Joyce Green, seconded by Mark Hobbs, and unanimously passed, the Chair announced that no votes were taken while in executive session.
12. On motion by Bobby Creech, seconded by Mark Hobbs, and unanimously passed, the meeting was adjourned at 12:15pm by the Chair.
13. The next meeting dates are as follows:

2008	
January 23, Wednesday (Board Meeting)	Room 108
February	No Meeting
March	No Meeting
April 24, Thursday (Board Meeting)	Room 108
May 22, Thursday (Hearings, if needed)	Room 108
June 26, Thursday (Board Meeting)	Room 108
July 23, Wednesday (Hearings, if needed)	Room 108
August 21, Thursday (Board Meeting)	Room 108
September 24, Wednesday (Board Meeting)	Room 108
November 20, Thursday (Hearings, if needed)	Room 201-03
December 11, Thursday (Board Meeting)	Room 108

Respectfully submitted,



Doris Cubitt, Administrator

Approved at the January 30, 2008 Board Meeting.



Donald H. Burkett, CPA, Chair



Mark T. Hobbs, CPA, Secretary