

Minutes of the South Carolina Board of Accountancy
Thursday, September 24, 2008, at 9AM in Room 108 (Board Meeting)
Synergy Office Park, Kingstree Building, 110 Centerview Drive
Columbia, South Carolina

Donald H. Burkett, CPA, Chair, called the Board Meeting of the South Carolina Board of Accountancy to order on August 21, 2008, at 9:00 a.m., with a quorum present. Other Board members present were Mark T. Hobbs, CPA, John Camp, CPA, Anthony Callander, CPA, Wendell Lunsford, Accounting Practitioner, Malane Pike, Esq, and Gary F. Forte, Public Member.

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

The Board excused the absence of Bobby R Creech, Jr., CPA, from the Board meeting based on a previously arranged engagement.

Guests in attendance were Tim Baker, Glenna Minor and Erin Hardwick from the SC Association of CPA's (SCACPA), Gale Bell, representing the SC Society of Accountants, and Bret H. Davis.

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 Wendell Lunsford, and unanimously passed, the Board amended the agenda by moving Bret Davis' experience consideration to the beginning of the agenda.
2. On motion by Mark Hobbs, seconded by Mark Hobbs, and unanimously passed, the Board approved the minutes of the meeting held on August 21, 2008.
3. Erin Hardwick and Tim Baker, SCACPA, gave an update concerning the funding of the Peer Review program including an annual fee, scheduling fee (every third year) as well as an examination fee (Material attached) for licensees enrolled in the Peer Review program.
4. Barbara Derrick, LLR Budget office, briefed the Board concerning the Budgeting Policy (material attached) and to answer any questions.

Donald Burkett asked if the Board has any control over the budget. Barbara stated that the Board has no control at all; LLR has control over the hiring, firing and expenditures.

John Camp asked whether or not the Board has the authority to amend the budget during the course of the year. Barbara said sure, as long as a

request is submitted by staff. Mark Hobbs inquired about a Compensation Fund to protect damaged public from CPA's. If the Board wanted to designate \$500,000 to a similar fund would it be possible? Barbara stated that it would have to be placed in the Accountancy Board statute and voted on by the General Assembly.

5. Complaint & Investigative Activity:

A. Consent agreements and other special matters:

None

B. Open Cases – No Report

C. The Board approved the following cases for dismissal on motion by Mark Hobbs, seconded by Wendell Lunsford, and unanimously passed: Case No's. 2007-34, 2007-35, 2008-16. (Copy of report attached)

6. Information Update

A. Chair's remarks:

No Report

B. Advisory Opinions:

No Report

Legislative Update: Regulation 1-05 was reposted for comments, and, as of today, there has not been any comments submitted.

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

1. Administrator's Report:

- a. The new Office of Licensing and Compliance Division will be mailing out and processing both the individual licensee and firm renewals. The renewal notices will be mailed by mid October.
- b. Doris attended a Peer Review Oversight committee meeting in Nashville where they discussed the Mississippi's Boards Peer Review program as a possible model of an Oversight Committee for other boards to use.
- c. Focus Questions – See Attached

2. Financial Report:

See Barbara Derrick's presentation

7. On motion by Mark Hobbs, seconded by Malane Pike, unanimously passed, the Board went into Executive Session to discuss statutory and regulatory changes. On coming out of executive session on motion by Mark Hobbs, seconded by Anthony Callander, and unanimously passed, the Chair announced that no votes were taken while in executive session.

8. Old Business.

No report

9. New Business

Regulation/Legislative Committee

A. Peer Review Committee: Mark Hobbs

No Report

B. Report of Education/Experience Committee: Bobby Creech

On motion by Mark Hobbs, seconded by John Camp, and unanimously passed, the Board upheld the previous Board's 2002 decision to accept Bret Davis' experience prior to the policy requiring 24 hours of accounting courses before any experience could be accepted. (Supporting documentation attached)

C. Report of CPE Committee: Bobby Creech

No Report

D. Report of Examination/CBT Committee: Anthony Callander

On motion by Anthony Callander, seconded by Mark Hobbs and unanimously passed, the Board reviewed and accepted the exam grades for the July/August testing window. (See Attached)

E. Other Professional Issues Committee – Wendell Lunsford

No Report

F. Report of Qualification for Licensure Committee: Anthony Callander

No Report

G. Report of Character and Fitness Committee: John Camp

No Report

10. On motion by Mark Hobbs, seconded by Wendell Lunsford and unanimously passed, the Board voted to allow staff to present a partial listing of candidates who passed the exam as of the date of the board meeting, and have any subsequent additions to the pass list approved at the next board meeting.

11. Statute Topics Discussed (Background information attached)

- When does a firm need to register
 - A licensee who offers to engage in the practice of accounting for compensation by a client other than his or her employer must apply for registration as a firm or be employed or associated with a registered firm.

THE CONSENSUS OF THE BOARD IS TO INCORPORATE THE ABOVE DEFINITION, FOR REGISTERING IN-STATE FIRMS, INTO OUR REGULATION.

OR –

- A licensee who offers to provide attest services for compensation by a client other than his or her employer must apply for registration as a firm or be employed or associated with a registered firm.
- How does the Board define “Professional Practice” as it pertains to experience policy?

On motion by Mark Hobbs, seconded by Malane Pike and unanimously passed, the Board voted to establish the following policy as it pertains to experience only: “Professional practice” means providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills whether gained through employment in government, industry, academia, or public practice.

- Change the statute to come in-line with LLRs biennial renewal cycle. Added text will be **bolded**.

Section 40-2-250. Renewal of licenses;

(A) A licensee shall file an application for renewal on or before **February 1st** ~~January 1st of each calendar year~~ biennially.

(D) A license not renewed on or before **February 15th** ~~January 1st~~ is considered revoked. ~~Continued practice after January fifteenth must be sanctioned as unlicensed practice of accounting.~~

(E) Renewal applications filed or completed **between** after ~~January 15th~~ **February 15th and March 15th** are subject to a reinstatement fee in the amount of five hundred dollars **must be accompanied by a reinstatement application and a five hundred dollar reinstatement fee. Renewal applications received after March 15th will need the previous mentioned reinstatement application, fee and will be examined more closely for unlicensed practice violations.** A person may not practice on a revoked license.

Section 40-2-255. Renewal of registration

(A) A registrant shall file an application for renewal on or before **February 1st** ~~January 1st~~ of each calendar year biennially.

(D) A registrant not renewed on or before **February 15th** ~~January 1st~~ is considered revoked. ~~Continued practice after January fifteenth must be sanctioned as unlicensed practice of accounting.~~

(E) **Renewal applications filed or completed between February 15th and March 15th must be accompanied by a late fee of five hundred dollars. Renewal applications received after March 15th will need the previous mentioned fine and will be examined more closely for unlicensed practice violations.**

Section 40-2-560. Accounting Practitioners

(B) A licensee must file an application for renewal or reinstatement in accordance with Section 40-2-250.

- CPE

1. CPE should have no more than 20 hours of self study.
 - No action was taken to limit self-study hours.
2. CPE should be limited to not less than 8 hours per calendar day and not more than 10 hours per calendar day.
 - Possibly not allow any lunch and learns – further discussion is required.
 - Possibly limiting one hour courses to a defined percentage.
 - More discussion concerning limiting a certain number of hours per day.
3. Need to require some form of ethics every 2 to 3 years of all CPAs.
 - Need to define what type of Ethics is needed.
4. Anthony Callander thinks that we need to require at least 8 hours of A & A per year, of all CPAs that issue financial statements.

- Would be required for those licensees that are issuing SARS compilations or reviews that are primarily tax practices.
- Reciprocal license
 1. Accept the licensees experience from another state without asking them for more information if they have been licensed for more than 4 years.
 2. Allow all professional work done under the supervision of a CPA, whether before or after CPA certificate was issued, when counting 4 years in 10 years work experience. (More clarification needed)

- Inactive Status

The Board discussed having the ability to have an Inactive Status based on the facts and circumstances.

- COMPLETE DISQUALIFICATION OF REVOKED CERTIFICATE HOLDERS

Amend Regulation 1-10 by adding
(D) A licensee or permit holder shall not employ or associate, directly or indirectly, a person whose license is revoked or suspended by this Board or the Board of Accountancy in any other jurisdiction as an accountant, investigator, tax preparer or in any other capacity connected with the practice of accounting. Employing or associating such a person in the practice of accounting subjects the licensee or permit holder to discipline by the Board.

- 40-2-40 (A) was changed for mobility. They removed the limitation of the term "Accounting Firm". Recommend the following be reinserted:

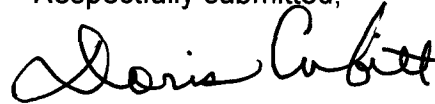
A firm must hold a registration issued pursuant to this section in order to engage in the practice of accounting or to use the title "Certified Public Accountant" or "Accounting Firm".

12. Public Comment: None
13. On motion by Mark Hobbs, seconded by Wendell Lunsford, and unanimously passed, the Chair adjourned the meeting at 12:32pm.

14. The next meeting dates are as follows:

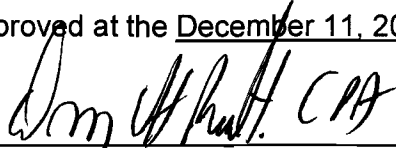
2009	
January 22, Thursday (Board Meeting)	Room 108
February	No Board Meeting
March	No Board Meeting
April	No Board Meeting
May 7, Thursday (Board Meeting)	Room 108
May 12-15, Quality Review Audits	Room 115
May 28, Thursday (Hearings, if needed)	Room 108
June 25, Thursday (Board Meeting)	Room 108
July	No Board Meeting
July 22, Wednesday (Hearings, if needed)	Room 108
August 27, Thursday (Board Meeting)	Room 108
September 24, Wednesday (Board Meeting)	Room 108
October 22, Thursday (Board Meeting)	Room 202-02
November	No Board Meeting
November 12, Thursday (Hearings, if needed)	Room 108
December 3, Thursday (Board Meeting)	Room 108

Respectfully submitted,

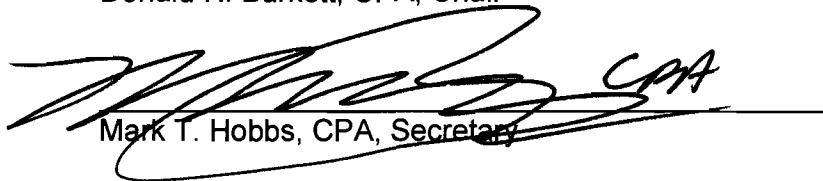


Doris Cubitt, Administrator

Approved at the December 11, 2008 Board Meeting.



Donald H. Burkett, CPA, Chair



Mark T. Hobbs, CPA, Secretary