

MINUTES
Board of Accountancy
Board Meeting
9:00 a.m., Thursday, June 24, 2010
Synergy Office Park, Kingstree Building
110 Centerview Drive, Conference Room 108
Columbia, SC 29210

Call to Order

Mark T. Hobbs, CPA, Vice Chairman, called the regular meeting of the Board of Accountancy to order on June 24, 2010, at 9:01 a.m., with a quorum present. Other Board members present were: Robert Baldwin, CPA, Donny Burkett, CPA, Gary F. Forte, CIMC, Anthony Callander, CPA, and Malane Pike, Esq.

Staff members participating in the meeting included: Doris Cubitt, Administrator; Michael R. Teague, Administrative Assistant, and Amy Holleman, Administrative Specialist. LLR employees attending the meeting included: Sharon Dantzler, Office of General Counsel, Sandra Dickert, Administrative Assistant; Steve Freshley, Investigator, and Suzanne Hawkins, Litigating Attorney.

A video of this meeting can be viewed on-line at www.llr.state.sc.us/POL/Accountancy . On the Board's web page go to Board Information, then click View Live Board Meetings.

A. Public Notice

Mr. Hobbs announced that this meeting was being held in accordance with the Freedom of Information Act by notice mailed to The State Newspaper; Associated Press; WIS-TV and all other interested persons, organizations or news media. In addition, the notice was posted on the bulletin board at the main entrance of the Kingstree Building.

Consideration of Excused Absences of Board Members

Mr. Creech and Mr. Lunsford were granted excused absences.

Adoption of Agenda

MOTION

Mr. Burkett made a motion the Board adopt the agenda. Mr. Baldwin seconded the motion. Ms. Cubitt asked that the Board add case dismissals as item b under number seven.

Mr. Burkett amended his motion to adopt the agenda as revised. Mr. Baldwin seconded the amended motion, which carried unanimously.

Approval of Minutes of Meeting held on May 6, 2010

MOTION

Mr. Burkett made a motion the Board approve the May 6, 2010 meeting minutes. Mr. Callander and Mr. Forte seconded the motion, which carried unanimously.

Briefing from Mr. Kozacki, Esq. regarding ongoing lawsuit

Mr. Hobbs stated the Board had hoped to have a conference call meeting with Mr. Kozacki regarding a matter in which he represents the Board. Mr. Kozacki forwarded a letter to the Board via staff on Wednesday, June 23rd.

Executive Session

MOTION

Mr. Burkett made a motion the Board enter executive session to seek legal advice regarding Mr. Kozacki's letter. Mr. Callander seconded the motion, which carried unanimously.

Return to Public Session

MOTION

Mr. Burkett made a motion the Board return to public session. Ms. Pike seconded the motion, which carried unanimously.

Mr. Hobbs noted for the record that no official action or votes were taken during executive session.

Consideration of Deborah Black's request to remove cease & desist order

Ms. Cubitt stated Ms. Black has requested this matter be carried over to the next meeting.

Complaint & Investigative Activity – Office of Investigation & Enforcement

A. Number of Open Complaints

Mr. Freshley stated there are currently 16 open cases in the Office of Investigation and Enforcement.

B. Case Dismissals

Mr. Freshley briefed the Board regarding the June 8, 2010 IRC report.

MOTION

Mr. Burkett made a motion the Board approve dismissing cases 2009-25 and 2010-14. Mr. Baldwin seconded the motion, which carried unanimously.

Information Update

A. Chairman's remarks

Mr. Hobbs stated several board members attended the regional meeting in Charleston. He noted the breakout sessions were informative regarding what other states are currently doing.

Mr. Hobbs stated South Carolina seemed to be ahead of other states in regard to handling investigations. He further stated board members from other states investigate and adjudicate complaint cases. He noted he is pleased with the South Carolina Board.

Mr. Burkett noted Texas has 15 to 18 members and has two to three members assigned to the IRC committee. He noted those members do not have anything to do with the cases.

Mr. Baldwin noted Mr. Creech is currently on the nominating committee.

B. Advisory opinions (Sharon Dantzer – Office of General Counsel)

No advisory opinions were given during this meeting.

Discussion regarding Firm Registration

Ms. Cubitt stated the current statute references issuing a license to a firm and the Board has always interpreted the statute to say a registration had to be issued for each office within the state. She further stated the definition for firm states a firm can be a single office or multiple offices. She noted the definition of manager is a licensee who is responsible or in charge of an office and a resident manager is a responsible party for a firm. She said Regulation 1-05(a) states that a licensee must apply for registration as a firm. The regulations also state that a designated resident manager must be in charge of each office within the state. She went on to say the old statute

spoke more regarding each individual office being licensed than the current statute does.

Mr. Hobbs stated during the discussion regarding the section regarding firm registration the Board moved away from requiring registration for each office.

Ms. Dantzler stated the Board chose firm registration. Discussion ensued in regard to the need to have each office registered and the fact that once a firm is registered each office would come under the firm's registration.

Ms. Cubitt stated the firm registration is \$50. Discussion ensued regarding a possible sliding scale registration for firms which have smaller or larger offices and possibly changing the fee.

Mr Hobbs asked Ms Cubitt as to the implementation of registering only the firm rather than each office. Ms Cubitt responded since it is already in the statute it would only be an administrative change and that staff, before the upcoming renewal cycle in November, needs to get the word out to the firms of the changes.

Mr. Hobbs asked that this item be placed on the August 2010 agenda.

Mr. Hobbs asked staff to research the statistics regarding the number of firms/people that will be affected and its impact prior to the next meeting.

Mr. Callander asked what the basis is for firm registration. Mr. Hobbs stated he believes the investigators wanted to that there was an individual in the office who was in charge and could meet with. Ms. Cubitt stated a firm registration is needed in case of a complaint.

Ms. Dantzler stated peer review is conducted on firms and is not conducted on an office basis.

C. Legislative update (Sharon Dantzler – Office of General Counsel)

Ms. Dantzler stated the state legislature has taken funds from the POL accounts. She noted the legislature inserted a proviso in the budget to allocate two million dollars to fund the immigration act. She further stated funds would be taken from all of the boards.

Ms. Dantzler stated the House LCI has requested information by the middle of August regarding which boards have surplus funds and which boards are operating in the red.

Mr. Burkett asked that the Board be provided with budget information during the next meeting.

Mr Hobbs stated that the Board of Accountancy money is not appropriated as it is gathered by fees from the licensees. Ms Dantzler clarified by stating by definition it is appropriated but not by the general fund. The courts of South Carolina and the Attorney General have opined that the authorization to spend public funds is the definition of appropriation.

Ms. Dantzler stated she hopes the Board will revisit the proposal which would resolve some of the accounting practitioner issues. She noted the draft legislation was pending at the time the legislature adjourned and will need to be reintroduced in 2011.

D. Office of General Counsel

Ms. Suzanne Hawkins of the Office of General Counsel stated that office currently has two open cases and has closed ten cases since January 2010.

E. Office of Information Services Report

Ms. Cubitt stated OIS will be presenting the report regarding licensure. She presented the members with a written report from May 27 - June 24th. The report will include the number of licenses issued, renewed or reinstated in the various categories since the previous meeting. She noted OIS also included a list of licenses issued since the last meeting.

F. Administrator's Report (Doris Cubitt)

Ms. Cubitt stated the agency is attempting to disseminate information to the boards. She further stated there is a project in the works to disseminate formatted financial information to the boards.

Ms. Cubitt stated staff emailed the members electronic travel forms that can be completed.

Ms. Cubitt enjoyed the regional meeting.

Old Business

There was no old business for discussion.

New Business

A. Regulation/Legislative Committee – Donald Burkett

This committee's report was given under the legislative update.

1. Peer Review Committee – Mark Hobbs

This committee had no report.

2. Report of Education/Experience Committee – Malane Pike

This committee had no report.

3. Report of CPE Committee – Malane Pike

This committee had not report.

Discussion regarding Annual CPE Audit

Ms. Cubitt stated she and Mr. Creech conducted the last continuing education audit. She further stated there was discussion in regard to conducting the audit differently and the suggestion was made that the audit be conducted on a quarterly basis. She noted that they would like to have a group of people conduct the audit, which would take one to two days. She asked that the members think about how they would like to have the audit done and the matter could be discussed at a later meeting.

Mr. Burkett suggested a work session the afternoon prior to a Board meeting.

4. Report of Examination/CBT Committee – Anthony Callander

Consideration of Ms Jia Ru Hyder request to extend BEC credit expiration date

Ms. Cubitt stated this particular person is currently a government employee working on a military base. She went to say this individual passed the BEC exam in November 2009, which would expire August 31, 2010. Ms. Hyder is supposed to be scheduling

the other sections of the exams. Ms. Cubitt stated she informed Ms. Hyder to take the exams that she could and rather than ask for an extension up front wait until she has shown some progress with the other sections and until she returns from Basic Training and AIT to make the extension request. Ms. Hyder is scheduled to enter basic training at the end of July 2010 and then will enter tech school.

As of July 2010 she has only taken and passed one section.

The Board agreed that it would not take any action on this matter at this time and would wait to see what happens.

5. Other Professional Issues Committee – Wendell Lunsford

This committee had no report.

6. Report of Qualification for Licensure Committee – Anthony Callander

This committee had no report.

7. Report of Character and Fitness Committee – Robert Baldwin

This committee had no report.

Election of Officers for 2010-2011

MOTION

Mr. Burkett made a motion the Board keep the slate of officers the Board had this year for next year. Mr. Baldwin seconded the motion, which carried unanimously.

Public Comments

Erin Hardwick of SCAPA stated the association held a legislative meeting on June 23, 2010. She asked the Board for clarification on self study and what is covered on the limitation of self study.

Ms. Cubitt stated her general interpretation of self study would be if the course was not a live presentation, a leader led group presentation, or group webinars (webcasts), or Internet based courses. She further stated the Board, since 2006, has always stated self-study courses must be QAS approved. She noted the Board allows firms the ability to conduct a continuing education course for its employees. However, if an employee was not present for the live continuing education course, the individual cannot view a video of the course as the video is not QAS approved.

Adjournment

MOTION

Mr. Callander made a motion the meeting be adjourned. Mr. Baldwin seconded the motion, which carried unanimously.

The June 24, 2010 meeting of the SC Board of Accountancy adjourned at 10:39 a.m.

Respectfully submitted,



Doris E Cubitt, CPA
Administrator

Approved at the August 19, 2010 Board Meeting.



Bobby Creech, CPA, Chair



Anthony Callander, CPA, Secretary