

## **MINUTES**

SC Department of Labor, Licensing & Regulation  
Board of Accountancy

### **Board Meeting**

9:00 A.M., Thursday, April 28, 2011  
SYNERGY OFFICE PARK  
KINGSTREE BUILDING, Room 108  
110 CENTERVIEW DRIVE  
COLUMBIA, S.C. 29210

#### **1. Call to Order**

Bobby R. Creech, Jr., CPA, Chair called the board meeting of the South Carolina Board of Accountancy to order on April 28, 2011, at 9:18 a.m., with a quorum present. Other Board members present were: Mark T. Hobbs, CPA, Vice Chair, Anthony Callander, CPA, Secretary, Wendell Lunsford, Accounting Practitioner, David Nichols, Accounting Practitioner; and Gary Forte

Staff members participating in the meeting included: Doris Cubitt, Administrator, Michael R. Teague, Administrative Assistant, Amy Holleman, Administrative Specialist, and Wendi Elrod, Program Assistant. LLR employees attending the meeting included: Christa Bell, Advice Attorney - Division of Legal Services; Sandra Dickert, Administrative Assistant; Steve Freshley, Investigator, OIE; and Suzanne Hawkins, Assistant General Counsel, OGC.

Mr Creech 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.

Mr Hobbs led all present in the Pledge of Allegiance.

#### **2. Consideration of Board Member Excused Absences**

The Board excused Mr Burkett, Mr Baldwin and Ms Pike's absence from the meeting.

#### **3. Adoption of Agenda**

##### **MOTION**

Mr Callander made a motion that the Board adopt the agenda as presented. Mr Hobbs seconded the motion which carried unanimously.

#### **4. Approval of Minutes of Meeting held on January 26, 2011**

##### **MOTION**

Mr Callander made a motion that the Board approve the minutes of the January 26, 2011, meeting. Mr Hobbs seconded the motion which carried unanimously.

5. **Complaint & Investigative Activity – Office of Investigation & Enforcement**  
A. Consideration of Consent Agreement and Other Special Matters

1. Consideration of lapsed In-State Firm Reinstatements Consent Agreements.

Ms Cubitt explained to the Board that the 18 Consent Agreements presented are due to firm registrations not being renewed by the due date. The Licensee's have consented and paid a \$500 fine and renewal fee.

**MOTION**

Mr Hobbs made a motion that the Board accept the Consent Agreements. Mr Baldwin seconded the motion which carried unanimously.

2. Consideration of requests to refund/waive Reinstatement fees.

Ms Cubitt asked that Mr Robert Reed be added to the list of individuals requesting a partial or full refund of the \$500 fine. All the requests were part of your Board packet. There are several firms that have been licensed for a long time, and it is their first time not to renew on time. She explained that Mr Reed had renewed his CPA license and also renewed his SCACPA membership and did not realize that he missed his firm registration.

Mr Creech asked whether or not Consent Agreements for late renewals are published on the website. Ms Cubitt stated for administrative purposes the Consent Agreements are not published, only Disciplinary Actions are published; however, they would still be provided if requested under FOIA.

Mr Hobbs stated that the Board should institute a policy for staff to implement instead of going on a firm by firm basis. Criterion needs to be developed. Mr Callander asked if there was not already policy in place. Ms Cubitt mentioned the policy the Board has provided: if a firm does not renew timely a Consent Agreement is issued and a \$500 fine imposed to be more in line with the individual licenses which is to reinstate and pay \$500 Reinstatement Fee. Mr Callander agrees that a set of criteria needs to be developed so that staff may deal with it instead of the Board handling each firms request separately. Mr Hobbs said that the Board members may have bias toward the firms.

Ms Bell suggested the parameters include a graduated scale of severity, such as a first time non-renewal may result in a letter of caution, second

time may result in a Consent Agreement. The Board needs to set up parameters by categories instead of a case-by-case basis.

Mr Callander suggested staff come up with a set of parameters and present it to the Board at the July meeting and to table all the requests until then.

Ms Cubitt asked since Mr Reed is present would the Board like to hear his issues. Mr Creech agreed.

Mr Reed addressed the Board. He has been practicing for the last thirty years and has submitted all the necessary paperwork. This past December his firm was involved with a Peer Review, and he was completing his CPE. His only other employee is part-time. He paid his CPA license fee of \$160 and SCACPA membership dues, and thought he paid his Firm renewal, but it was a Peer Review fee instead. In light of his thirty year practice and his small firm, he hoped the Board would waive the \$500 fee for a \$50 oversight.

Mr Callander reminded the Board that many of our licensees do not know the differences between the Board and the Association. As an outreach project, the Board should issue a checklist; here is what you need to do. Mr Hobbs indicated that SCACPA, in the upcoming issue of the CPA Report, is publishing an article that he wrote along with a chart that differentiates between the two. Mr Callander asked that some sort of checklist be made available to the licensees at least once a year, maybe each December as renewals come around. Ms Cubitt suggested E-Blasting Mr Hobbs article to all licensees.

Ms Cubitt pointed out that the last item on the Refund Request is separate from the rest. Mr Schmitz was licensed through reciprocity back in 2008 and stated he was not aware that he needed to register a firm here in South Carolina. Based on prior policy, he was assessed \$50 for each year he should have been registered (\$150) and a \$500 Late Filing Fee; however, the Board does owe Mr Schmitz \$50 as the registration for 2009 and 2010 was only \$50 rather than the \$100.

Mr Schmitz addressed the Board and told them that he was confused with the different functions of the Board. He said he was unaware he had to register his firm when he applied for and was granted a CPA license by reciprocity. Ms Cubitt pointed out that by his signature on the Acknowledgement dated 8/27/2008, he had read the accompanying letter, statute and regulations. The letter in the second paragraph specifically addresses firm registrations.

Mr Callander added that it is the individual's responsibility to abide by the laws and regulations. He reminded Mr Schmitz of his previous comments about the confusion between the Board and SCACPA.

**MOTION**

Mr Callander made a motion that the Board table Mr Schmitz situation along with refund requests until the next meeting in July. Mr Hobbs seconded the motion which carried unanimously.

- B. Number of Open Complaints  
Mr Steve Freshley of the Office of Investigations and Enforcement (OIE) addressed the Board. There are currently 14 active cases; the oldest is 902 days old while the youngest case is 9 days old. Mr Freshley asked Mr Todd Bond to address the older cases; he was able to move seven cases before the April IRC. Mr Freshly's goal is to have six or seven of the oldest cases before the July 13, IRC.
- C. Case Dismissals  
Mr Freshley said the IRC met on 4/19/2011 and the IRC Logic Report reflects the outcome to include one case dismissal 2011-7. The formal complaints combined two cases on one CPA.

**MOTION**

Mr Hobbs made a motion that the Board approve the IRC Logic report dated April 19, 2011 to include case dismissal 2011-7. Mr Nichols seconded the motion which carried unanimously.

**6. Information Update**

- A. Chairman's remarks  
Mr Creech reminded the Board about the NASBA Regional meeting in June and the CPE Audit in conjunction with the July Board meeting.
- B. Advisory opinions (Christa Bell – Division of Legal Services)  
No advisory opinions were given during this meeting.
- C. Legislative update (Christa Bell – Division of Legal Services)  
Mr Creech said that there has been a change to the handling of introduction of bills. LLR will no longer sponsor or introduce legislation. The professional associations or others will need to introduce legislation. Mr Creech stated that he would like to see the legislation pre-drafted so when the next session comes around it will be ready to submit. The legislation will not be going anywhere this year.

- D. Division of Legal Services  
Ms Christa Bell addressed the Board. There are currently five open cases; three are pending action; two are pending either a Consent Agreement or Memorandum of Agreement, and six have been closed since January of 2010.
- E. Office of Information Services Report  
Mr Creech asked whether the number of licensees have decreased due to mobility changes. Ms Cubitt stated the numbers have not change drastically. There were 220 lapsed out-of-state licensees and 132 licensees voluntarily surrendered 33 were for mobility reasons, 23 were for CPE reasons, and 70 were for no known reason.
- F. Administrator's Report (Doris Cubitt)  
Ms Cubitt introduced Ms Christa Bell as the new Advice Attorney, Division of Legal Services, replacing Ms Sharon Dantzler, who retired March 31. She also introduced Mr Charles Ido, Assistant Deputy Director for Office of Business Services, replacing Mr Randy Bryant.

Mr Ido addressed the Board and told them that the Office of Licensure and Compliance has been disbanded, and the licensing functions have returned to the respective Boards. As a result there has been a Reduction in Force (RIF) and a reassignment of duties. All files and equipment has also been redistributed back to the Boards. There is good news for the Boards too. Many of the duties and decision that were in the past decided by outside forces are now being delegated to the Boards. For example, the budget – how money is spent and how it impacts travel. As long as the practice act provides for certain types of training, meetings, and other actions the Boards will make the decisions. The agency has come a long way in a short period of time by closing down OLC. Mr Hobbs asked if the Board will be able to be involved in the budget setting establishment process. Mr Ido answered the Board will have a voice in the budgetary process. Mr Hobbs also asked if the Board will be able to make changes to the website to improve communications to the public and licensees. Mr Ido responded that the agency website that incorporates the Board's pages will be standard in appearance.

Ms Cubitt added that Wendi Elrod was able to return back to the Board; however, a position was lost as a result of the RIF.

Ms Cubitt asked the Board to decide who to send to the NASBA's Regional meeting and which meeting to attend: the Eastern Meeting at Point Clear, Alabama or the Western meeting at Omaha, Nebraska. The Board, as of March 31, has \$1.2 million dollars. Mr Hobbs asked if there was a travel budget line item. Ms Cubitt informed the Board that several years ago the previous administration made the decision not to break down a budget for each Board, only for the agency as a whole. At a previous meeting the Board was given a report that broke down the expenditures by category.

### **MOTION**

Mr Hobbs made a motion that the Board pay the expenses for the following individuals to attend NASBA's Eastern Regional Conference at Point Clear, AL: Mark Hobbs, Bobby Creech, Bob Baldwin, Tony Callander, and Doris Cubitt. Donald Burkett will be attending as a NASBA official, and David Nichols is attending on a NASBA scholarship. Mr Forte seconded the motion which carried unanimously.

## **7. Old Business**

There was no old business for discussion.

## **8. New Business**

### **A. Appearances**

#### **1. Consideration of Mr David Bethea's Experience (Initial License)**

A court reporter recorded this proceeding in order to produce a verbatim transcript should one be necessary.

Ms Cubitt stated that Mr Bethea is applying for his initial license; he passed the CPA Exam in November 1985. He was not available to attend as he was involved with the company's month end report. He works in industry as a controller in BKI Worldwide, and he is located in Simpsonville. His direct supervisor, Mr Donald Wall, is located in Desoto, Texas. The experience in question is from 9/24/2007 through 3/7/2009. Policy dictates that the supervisor-employee relationship must be in the same office. In the past year or two the Board has decided to relax that so that the relationship can at least be located in the same state. To the best of her knowledge the Board has not approved an out-of-state supervisor-employee relationship and felt this situation should come before the full Board.

Ms Cubitt passed out the letter from Mr Bethea's supervisor, Mr Wall..

#### **2. Consideration of Mr Jeffrey Lewis's Reciprocity application (prior conviction – failure to pay 1993 taxes)**

A court reporter recorded this proceeding in order to produce a verbatim transcript should one be necessary.

Ms Cubitt stated Mr Lewis was in attendance. This was an application hearing. Mr Lewis currently holds an active CPA license in North Carolina with an initial licensing date of 6/7/1982. As a result of failing to file Federal and North Carolina taxes for 1992, 1993 and 1994 the NC Board permanently revoked Mr Lewis's license on 8/21/2000. The NC Board granted a Modification of Discipline on 3/23/2006 after Mr Lewis

provided evidence that he had been completely rehabilitated. He resides in NC and is employed at Lewis and Lewis CPAs in Lumberton, NC. He is now asking for a reciprocal license.

Mr Lewis wanted to make a correction that he left the Lewis and Lewis firm and has his own firm as of January 31, 2011. He lives 12 miles from the South Carolina border. He does have tax clients in South Carolina but does not have attest clients at this time. He stated that he ran for Mayor for his home town and failed to file his tax returns. Shortly after the election he and his wife went on a cruise, upon their return he found out that his father passed away which set them further back in filing taxes. January rolled around and in the middle of tax season again. More time elapsed. The North Carolina Board did take action against him and levied remedial actions which he has abided by and completed. He has since filed his own Federal and State taxes timely.

Mr Hobbs asked whether Mr Lewis has any allegations from clients of any wrong doings. Mr Lewis replied that he did not.

#### **Executive Session**

##### **MOTION**

Mr Hobbs made a motion the Board discusses both Mr Bethea's and Mr Lewis's cases in executive session to seek legal advice. Mr Nichols seconded the motion which carried unanimously.

#### **Return to Public Session**

##### **MOTION**

Mr Callander made a motion that the Board return to public session. Mr Nichols seconded the motion which carried unanimously.

##### **MOTION**

Mr Hobbs made a motion that the Board grant Mr Lewis a reciprocal license. Mr Callander seconded the motion which carried unanimously.

Mr Callander asked Ms Cubitt who Mr Bethea works for now. Ms Cubitt stated the same company, BKI Worldwide. He has always worked in industry. Mr Hobbs asked whether or not Mr Wall is an active licensed CPA in Texas. Ms Cubitt stated that he did have an active license in TX during the time of supervision. Mr Callander indicated that he is not comfortable with the experience due to the lack of sufficient support. He has a letter from Mr Wall, who was his direct supervisor for 18 months. It is not the quality of the duties that concerns him, it's simply the period of time covered does not seem sufficient. Mr Callander is asking for additional support, even if his direct supervisor now is not a CPA. There just does not appear to be enough information. Ms Cubitt noted that the requirement now is only one year. Ms Cubitt said individuals in industry

do have a harder time gaining the quality of experience within the 12-month period. The Board can table Mr Bethea's application until he can come and talk with the Board and provide additional information and assurance.

**MOTION**

Mr Callander made a motion that the Board table Mr Bethea's application until he can attend and have some discourse with him. Mr Hobbs seconded the motion which carried unanimously.

3. Mr Callander introduced Linda McKenzie, representing the Accountants Coalition. She is a partner of Ernst & Young, his former employer. Her responsibilities are state legislative and regulatory affairs. There is a continuing issue, Regulation 1-10(D), which the Accountants Coalition has been following.

Ms McKenzie addressed the Board. The coalition is a group of the large multi-state and global accounting firms, who work together on state legislative and regulatory issues. The Coalition understands the Boards desire to limit licensees' interaction with other licensees who show a lack of integrity or lack of good judgment; however, 1-10(D) is too broad and more than likely not what the Board intended. The Coalition would like the Board to consider a more limited approach to 1-10(D), the way it is currently written, firms have to fire a staff person for any reason his or her license was suspended. For example, if a staff person had a DUI, and had a temporary suspension for that reason. Here in South Carolina the firm has to fire the person versus ensuring the person is not working on an attest type engagement for the period of time their license is suspended. They feel the regulation overreaches the Board's intent.

Mr Callander asked the Board to create a task force, and volunteered his services, to try to craft a solution that would satisfy both the Boards' needs and firms' needs.

Mr Creech gave a quick background as to the reason why the regulation is currently written. There was a licensee, which the Board permanently revoked their license for fraud. Afterward, the individual went to work for his spouse, who had his same last name. She had a legal CPA firm; he was permanently revoked. He has been subsequently convicted a second time. Legal advice told the Board that there is no way to go against his employing firm, even though the firm was allowing him to practice in the area of financial management, which resulted in defrauding future clients, since he was not licensed the Board did not have any jurisdiction over him. The regulation is not to punish a temporary DUI issue. It is intended to give the Board reach if the firm wishes to employ someone who has defrauded the public or defrauded



clients and placed them in a back room operation and let them continue to do exactly what they did before. That was the intent of the regulation. If there is a happy medium that the attorneys can use in court, it would be considered. This regulation was adopted from the BAR Association. The BAR's interpretation is that, if an individual is disbarred then he or she cannot even serve on the cleanup crew for the office. The regulation is a similar prohibition. When the individual was convicted a second time the Board was questioned why it did not take any action. By law the Board did everything it could; however, the law allowed the individual to practice in any CPA firm.

Ms Cubitt added that the Board has never suspended anyone's license because of a DUI, but if a licensee has a pattern of DUIs, the Board may find suspension appropriate.

Mr Creech stated the only avenue the Board has with unlicensed practice is to issue Cease & Desists, which does not hold any punishment. Ms Cubitt said that it only applies in South Carolina. If the firm removes an individual and places them in another state the Board would not go after the individual. Some states define the practice of accountancy as only attest work. In South Carolina we consider the whole dynamics of the profession as the practice of accountancy where the usage of the CPA initials are concerned. A Frequently Answered Question is being developed to clarify this area.

#### 4. Consideration of Strayer University's CPA Review Courses

Ms Cubitt explained to the Board about Strayer University's CPA Exam review courses and how Board policy does not allow review courses to count toward fulfilling any requirement. Strayer reworked the course descriptions and wanted the Board to consider the courses. Ms Cubitt took time to review the material and text books. The text books are through CPAExcel and are setup as a CPA review course. The actual courses are for an eleven-week time period and cover a vast amount of material. Ms Cubitt yielded the conversation to the Strayer University representatives. Dr Wendy Howard, Dean of the School of Business, Strayer University, introduced herself and Dr Peter McDaniel, Dean of the Greenville, South Carolina Campus. She went on to explain that Strayer provides a Masters program with a concentration in Accounting preparing students to be professionals in public accounting. Within the program there are three concentration courses that are supported by the content related to CPAExcel. The course is eleven-weeks long with 13.5 hours of required contact time including weekly discussions, activities, and writing assignments. The portion using CPAExcel is used for the electronic part for testing. Many of the publishers have moved their content to digital or electronic format. Strayer currently uses John Wiley

& Son's Wiley Plus in their Intermediate course. It serves the same purpose as the homework problems, testing problems are generated by the digital companion application. It is very difficult to use the same program in the graduate course as in the undergraduate course as the content is basically the same. So, CPAExcel, a third party provider, is providing that function for Strayer. What was provided to the Board is Strayer's Course Guide to show the substantive content that is in CPAExcel. Dr Howard acknowledged Ms Cubitt's concern that this is no different than a review course. Strayer actually offers the review course through the Continuing Education arm of Strayer. This course is designed to be 4.5 quarter hour academic course due to all the additional elements that have been built in, such as written assignment which promotes writing skills and critical thinking skills to include situational based scenarios. Dr Howard wanted to make sure that the Board had a clear understanding of how these three courses in the Masters program are truly academically based, just like the rest of Strayer's courses. Strayer does recognize that credit should not be given to purely review courses. That is why the review courses reside in the Continuing Education part of Strayer. The courses are developed by a team approach with faculty subject matter experts, instructional designers and technology designers. They only use CPAExcel for the digital support for the course so Strayer does not have to re-write the questions that other bodies are doing.

Ms Cubitt identified the parent company of CPAExcel as Efficient Learning Systems, Inc. When reviewing the Efficient Learning System website it was all setup as a CPA Exam review course. Dr Howard said that is the piece that is used as the electronic testing. Mr Creech asked if the Board had a copy of the text book. Dr Howard told them a text book does not exist. The course is delivered through Strayer's Learning Management System, which uses an E-Book, which is supported by PowerPoint and other digital interaction. A lot of publishers are now getting away from traditional text books and are offering their learning content in a digital format, which is much more cost effective to change and keep current. Mr Creech asked if Strayer is strictly online. Dr Howard replied that here are campuses in seventeen states. South Carolina has two, one in Greenville where Dr McDaniel is from, and there is one in Columbia. Students can utilize either alternative or both as a hybrid. Mr Callander asked whether this course is offered at all campuses. Dr Howard mentioned that it is offered at all campuses and online. Mr Callander asked whether or not other State Boards have denied these courses. Dr Howard answered no, South Carolina is the first state that has indicated that these courses do not meet the academic requirements of a Masters level course. Ms Cubitt mentioned that she sent the course material to Ms Malane Pike, Board Member, to review; however, she was not able to attend as she is sick today. After

reviewing it Ms Pike did say not to accept the courses. Ms Cubitt asked Dr Howard how the program has changed from six-months to a year ago when it clearly was a CPA review course. Dr Howard stated that it never was purely a CPA review course, even if you look at the first generation of the course. Anytime Strayer offers courses for credit there are certain academic requirements, such as contact hour requirement, discussions, assignments, quizzing etc. This content has always been there. About two-years ago Strayer changed the approach to how courses are designed. Strayer now takes a team approach instead of the subject matter approach. Strayer looks at the instructional element and technology standpoint. Even the earlier version of this course had its own unique learning outcome. CPAExcel has always been used as an engine to power the testing part of the course. Ms Cubitt mentioned that the verbiage of the course description prior to what is printed now clearly stated it was geared toward the CPA Exam review. Dr Howard acknowledged this and, when developing the new catalog the course was evaluated through the instructional design piece, and it was determined that the course was not geared to solely prepare the student to take a test, it was preparing them to be professional accountants. So, the new catalog reflects what is actually being taught. Mr Creech asked whether the course changed or was the title just changed. Dr Howard stated that the course design was changed; there is more research elements, E-Activity, discussions have always been a part. The course has been reworked to bring it up to Strayer's expectations of the students going out into the market place. Strayer refreshes their courses every 18-months. Mr Callander asked her to compare and contrast the course with one of the many CPA review courses, for example Becker. Dr Howard mentioned it does not matter who powers the CPA content, whether it's Becker or CPAExcel. Strayer's corporate solutions branch came to an agreement with CPAExcel as the provider. Her job is to make sure it meets the academic integrity of what the State's Board of Education and Regional Accreditation expectations. The content of CPAExcel is probably equal to Becker. Her main concern is not the content but all of the elements that are being built into the course to help prepare the student to be successful. Ms Cubitt explained that the Boards requirements are 36 hours in accounting with core course, such as a semester in tax, a semester in audit. Very specific courses. When looking at the three courses in question, the student, in eleven-weeks, are covering too many subjects to be able to learn the dynamics of the topic. Dr Howard clarified that there are other courses in the core that cover those topics. Mr Creech added that these courses cover the complete range of courses, a review course. Dr Howard stated that now that the student has completed the individual courses in tax, auditing, etc. These courses are more integrating; it brings it all together. Now that all the individual courses are complete this is how it all comes together. Strayer has all the individual courses. Ms Cubitt pointed out

that the Board accepts all the individual courses. There is not a problem with those courses; however, these courses have such huge volume of information. The courses descriptions from before specifically stated the course was the CPA review course. All the material from the course comes from CPAExcel an Efficiency Learning System program which is CPA Exam review material, granted there are other components being added; however, the core of the program is still a CPA review. Mr Hobbs asked if any state accepts the Becker review course. Ms Cubitt stated that other states do not take any CPA review courses. Dr Howard stated that they are not asking the Board to approve a review course, Strayer already acknowledges that the Exam review course should not be for academic credit. Mr Hobbs stated that Strayer's position is that these courses are not CPA review courses. Dr Howard agreed. Mr Callander asked if when looking at course content and examining what competitors are offering including the traditional not-for-profit institutions, do you feel Strayer has a unique offering or, are you seeing similar offerings? Dr Howard stated Strayer just completed a competitor analysis as the Accounting program is currently in review. Most institutions offer a Masters in Accounting without a specified area of concentration. There is not a lot out there that offer options to whatever you want to concentrate in like Corporate Accounting, Corporate Financial Reporting, etc. Mr Creech asked Ms Cubitt for additional information as well as Ms Pike's opinion. Mr Hobbs mentioned that there should be a task force of academics to evaluate the material and asked if we have any of the digital data. Ms Cubitt stated the Board was provided with only the course descriptions. Mr Lunsford asked which neighboring states actually accept the course. Ms Cubitt stated that she would obtain a Quick Poll of the other States who accept the courses. Ms Cubitt added that she and John Ray first discussed this situation where the course descriptions clearly stated that the courses were specifically designed for preparation for the CPA Exam. At that time they were informed that the courses were not acceptable. Since then the course descriptions were changed, they provided staff with more material; and, they asked us to accept the courses. Based on prior Board policy and what staff has told other providers we would not accept prep courses; however, the decision could change if the Board decides differently. Mr Hobbs asked if any other intuition provides similar courses. Dr Howard deferred to Dr McDaniel to speak in regards to South Carolina schools. Dr McDaniel stated that Clemson University has a Master's program in Accounting similar to Strayer's. They have the Becker Review course integrated into their curriculum, giving Becker courses zero credit hours, but the student cannot graduate without completing all four Becker courses satisfactorily. Mr Creech stated if Strayer had zero hours assigned to these courses it would be on par with Clemson. Dr Howard added that Clemson's program is purely not what they are doing with Becker. Strayer's is an academic course that meets the academic standards established by

Boards of Education. Mr Creech told Dr Howard that it seems the course was on par with Becker, and he is having problems differentiating between the two. Dr Howard stressed that Strayer's course is not a CPA Exam prep class. The CPAExcel provides the digital component is on par with Becker. The technical piece is third party contracted; it could have been with Becker or any other company. Mr Callander stated that it would be interesting to know how many students who take the courses also take a CPA review course. Dr Howard stated since the students have used these assets through this course they can continue to use it until they pass or until the time expires. Mr Hobbs added that it has the same benefits of a CPA review course. Dr Howard added that Continuing Education students, who are enrolled in the review courses, can also use the support assets too. Ms Cubitt asked if other colleges accept Strayer's courses as transfer courses. Dr Howard said they do. Mr Creech asked if Clemson and other institutions accept the courses. Dr Howard stated that she was not sure about Clemson, but as a regionally accredited institution it would be an automatic transfer. Mr Creech stated the college has to accept the credit, it is not automatic. Dr Howard stated that there would be no reason why a regionally accredited institution would not be accepted by another regionally accredited institution. Mr Creech then stated that he has seen a lot of cases where the institution does not accept credits. Dr McDaniel gave an example of one his sons, who is enrolled at Wake Forrest, and wanted to take a calculus course at UNC; Wake Forrest would not accept the course from UNC. Institutions do not automatically accept courses in general, unless there is an Articulation Agreement between the institutions. Dr Howard stated at the graduate level in general a student can only transfer four courses from one program to another. Mr Creech thanked Dr Howard and Dr McDaniel for their time and asked that this topic be added to the July Board meeting.

**B. Regulation/Legislative Committee – Donald Burkett**

1. Regulation/Legislative Committee – Donald Burkett

This committee had no report.

a. Peer Review/Communications Committee– Mark Hobbs

i. Peer Review Update

Mr Hobbs asked the Board members to take a look at a handout. He pointed out issues with firms failing Peer Review. In 2010, 155 firms passed, half of the firms had enough deficiencies for their peer review to be rated as poor or failed.

**MOTION**

Mr Hobbs made a motion that the Board establish a task force, made up of him, Mr Callander, Mr John Hamilton, as a technical reviewer, someone else appointed from the SCACPA's RAB, and having someone from Board staff as a liaison. The focus would be to establish the type of action to take regarding firms that are failing Peer Review, and present a report and recommendation to be given at the July meeting. Mr Forte seconded the motion. The motion carried unanimously.

ii. Communications Update

Mr Hobbs stated that he would be providing a communication briefing at NASBA's Eastern Regional meeting and will be attending a NASBA Communications meeting in New Orleans next week. The Communications Committee is encouraging State Boards to have a Facebook page. Currently there are seven Boards that have a Facebook page. The result of having such a page is the significant decrease in phone calls from candidates and licensees. The largest increase of Facebook users is in the age group of those over 40. Mr Hobbs pointed out that Ms Cubitt will be demonstrating how easy it is to create a Facebook page at the Eastern Regional conference. It would also allow staff to put out to the licensees updates to statute and regulations.

2. Report of Education/Experience Committee – Malane Pike  
This committee had no report.
3. Report of CPE Committee – Malane Pike  
This committee had no report.
4. Report of Examination/CBT Committee – Anthony Callander

**MOTION**

Mr Callander made a motion that the Board approve the CPA grades as submitted. Mr Forte seconded the motion. The motion carried unanimously.

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.

**9. Consideration of the UAA Exposure Draft regarding the deletion of misleading CPA Firm name prohibition and the addition of Networks.**

Ms Cubitt stated that some states are opposed to the changes as they are still very strict in that they require firm names to contain individual names. Our Board has relaxed some of the restrictions that were in place. Mr Creech asked whether or not all jurisdictions recognize KPMG. Ms Cubitt said yes. Mr Creech stated that in theory all jurisdiction accept firm names that do not have specific partner names. If the UAA drops the prohibition of using fictitious firm names, then firm names can be anything a licensee wants. The Board has allowed fictitious firm names in the past provided the licensee registers the firm with the SC Secretary of State's office. Ms Cubitt added that the policy staff has been going by is if an individual's name is in the firm name the individual must be a CPA, non-CPAs cannot have their name as part of the firm name, and the firm has to be registered with the Secretary of State as a legal entity. If a licensee lives in Red Bank and wants to open the Red Bank CPA firm, that would be OK; however, if a licensee who lives in Myrtle Beach wants to open a CPA firm in Myrtle Beach and call it the Charleston CPA firm, they would not be able to as it is misleading.

Mr Creech stated that the UAA definitely should have language regarding Networks. Mr Hobbs asked if the Board is going to respond concerning the changes. Mr Creech said they could either respond now or wait to see what comes from the committee if the final decision is something the Board can live with or might have to modify state law to still be substantially equivalent. Ms Cubitt stated that the UAA is not in South Carolina law unless we adopt it. The Board tries to follow the UAA as closely as possible, but sometimes it does go some place where the Board does not want to go. Mr Creech stated that the committee that put the draft together put a lot of time and effort into the modifications; he feels that there probably is not much more that can be put into a response that has not already been identified unless a Board member has something noteworthy.

**MOTION**

Mr Hobbs made a motion that the Board not make a formal comment at this time. Mr Callander seconded the motion which carried unanimously.

**10. Public Comments**

Mr Creech opened the floor to any public comment.

Ms Erin Hardwick, South Carolina Association of CPAs, reminded the Board that CPA Day at the State House, which also includes the New CPA Oath Ceremony that the Board cosponsors with SCACPA, was going up on May 4, 2011. Forty-three newly

licensed CPAs were scheduled to attend along with their families and co-workers. The Legislative Luncheon will immediately precede the Oath Ceremony.

Ms Hardwick mentioned that steps were taken to have the ceremony a bit more special and less interrupted, and the ceremony is in a separate room from the luncheon. Mr Richard Eckstrom, SC Comptroller General, will be the guest speaker. He is the highest serving CPA in State government. Mr Creech, Chair of the Board of Accountancy, along with SCACPAs President, Tim Baker, will also be speaking.

Mr Hobbs expressed his thanks to the Association in helping and funding the Oath Ceremony. Ms Hardwick did mention that they also get help with funding from CPA firms around the state.

Mr Gale Bell, South Caroline Society of Accountants, inquired about the legislation allowing Accounting Practitioners to reinstate. Mr Creech stated that it was re-drafted, re-signed, and was submitted to the legislature; however, with the change of administration also came a change of submission procedures for state agencies. Associations now need to find sponsors and introduce legislation, and it was late March before the changes were discovered and no further actions could be made. Mr Bell asked if the Accounting Practitioner change was the only change. Ms Cubitt said that there were a couple definition changes, including changes to the renewal dates and a few other housekeeping changes.

Mr Hobbs asked Ms Cubitt what would happen to Accounting Practitioners if they failed to renew. Ms Cubitt stated that the Accounting Practitioners could submit a new application and meet today's requirements, which are to pass two parts of the CPA Exam and have a bachelor's degree with a major in accounting.

## **11. Adjournment**

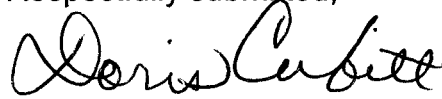
### **MOTION**

There being no further business to be discussed at this time Mr Hobbs made a motion the meeting be adjourned. Mr Lunsford seconded the motion which carried unanimously.

The April 28, 2011 meeting of the SC Board of Accountancy adjourned at 12:48 p.m.




Respectfully submitted,



Doris E Cubitt, CPA  
Administrator

Approved at the July 18, 2011 Board Meeting.



Bobby Creech, CPA, Chair



Anthony Callander, CPA, Secretary