

MINUTES

SC Department of Labor, Licensing & Regulation
Board of Accountancy

Board Meeting

9:00 A.M., Wednesday, July 20, 2011
SYNERGY OFFICE PARK
KINGSTREE BUILDING, Room 108
110 CENTERVIEW DRIVE
COLUMBIA, S.C. 29210

1. Call to Order

Mark Hobbs, CPA, Chair, called the board meeting of the South Carolina Board of Accountancy to order on July 20, 2011, at 9:00 a.m., with a quorum present. Other Board members present were: Robert Baldwin, CPA, Vice Chair, Anthony Callander, CPA, Secretary, David Nichols, Accounting Practitioner, Gary Forte, Mr Donald Burkett, CPA, Mr Bobby Creech, Jr, CPA, and Ms Malane Pike, Esq.

Staff members participating in the meeting included: Doris Cubitt, Administrator, Michael R. Teague, Administrative Assistant, and Wendi Elrod, Program Assistant.

Mr Baldwin led all present in the Pledge of Allegiance.

Mr Hobbs handed out contact information for the Board members and Big GAAP and Little GAAP information from NASBA's Regional Meeting. At the next Board meeting on August 18, 2011, he wants to invite other CPAs, South Carolina Association of CPA's (SCACPA), American Institute of Certified Public Accountants (AICPA), South Carolina Society of Accountants, and any other CPA's for a Big GAAP and Little GAAP presentation. Mr Callander has agreed to lead the discussion.

Mr Hobbs said that the results of the CPE Audit will be compiled by him, Ms Cubitt and Ms Pike, which will be presented to the Board at the August 18 meeting.

Mr Hobbs challenged Mr Burkett, Mr Creech, Ms Erin Hardwick, SCACPA, to work with SCACPA's Legislative Committee to draft the legislation discussed during the workshop, so it can be ready by September 2011. They will also need to work with the Behavioral Standards committee at SCACPA for Ethics CPE. Mr Hobbs also asked Mr Nichols to be the liaison to SCSA.

2. Jim Brackens, AICPA – Peer Review Presentation

Mr Brackens introduced himself. He has been a CPA since 1977, and had his own practices in Richmond, Virginia for 18-years. He has been with the AICPA's Operation Center in North Carolina for the past 4½ years.

Mr Brackens provided the Board with a PowerPoint presentation, which was a joint initiative between the AICPA and the National Association of State Board's of Accountancy's (NASBA) Compliance Assurance Committee. The intent of the program is to:

- Have the Boards of Accountancy understand the Peer Review program.
- Highlight the Facilitated State Board Access (FSBA) website, a tool AICPA has developed to provide Board's information regarding what firms are enrolled in Peer Review.
- Peer Review Oversight Committees (PROC) (PowerPoint presentation on file).

Mr Brackens also announced that South Carolina is hosting a PROC conference in Charleston, August 16, 2011, at the Francis Marion Hotel.

3. **Hearing - Flint Smith, CPA 2062, case number 2010-23 and 2010-25**

MOTION

Mr Burkett made a motion that the Board postpone the hearing for Flint Smith, based on the information received from Suzanne Hawkins, until the August 18, 2011 meeting. Mr Callander seconded the motion which carried unanimously.

4. **Approval of Action Items from July 18, 2011 Workshop**

MOTION

Mr Burkett made a motion that the Board approve the items below that resulted from the July 18, 2011 Workshop. Mr Callander seconded the motion which carried unanimously.

1. Need statute change to allow for exceptions by the Board for late individual and in-state firm registration penalties and exceptions for CPE.
2. Institute mandatory Facilitated State Board Oversight for all firms.
3. A candidate who is applying for either a CPA or an Accounting Practitioner's license 3 years or more from the date he/she passed the CPA Exam must obtain 120 hours of current CPE that is acceptable to the Board.
4. Require 6 hours of ethics CPE every three years, 2 hours of which will need to be in South Carolina Regulatory ethics.

5. **Regulation/Legislative Committee**

A. Regulation/Legislative Committee – Donald Burkett
This committee had no report.

B. Peer Review/Communications Committee– Mark Hobbs

1. Peer Review Update

Mr Hobbs said he will ask Jim Holloway to provide the Board with an update at the next meeting regarding the number of Peer Reviews that passed, passed with deficiencies, or failed. Mr Creech asked Ms Cubitt if it would be appropriate for Mr Holloway to provide an update strictly on the numbers for trend purposes, like Mr Freshley does for the complaints. Mr Cubitt stated yes, as long as we do not receive any firm names.

2. Communications Update
Mr Hobbs pointed out that at the workshop there was some discussion regarding social media. Ms Cubitt is looking into whether the Board can have a Facebook page. Mr Creech added the Facebook page would be used more as a reminder to licensees. Ms Cubitt said that several Boards that use Facebook have seen a decrease in phone calls. Mr Hobbs thanked Ms Cubitt for helping at NASBA's Regional meeting in demonstrating how to create a Facebook page.

- C. Report of Education/Experience Committee – Malane Pike
This committee had no report.

- D. Report of CPE Committee – Malane Pike
Ms Pike stated she would like the Board to focus on how they can simplify the CPE process. While auditing the CPE reports they found a tremendous amount of the problems were not from people intentionally doing things wrong; we have an overly complicated system. There needs to be a way to simplify it, in a way so that people can legitimately file and not have tons of errors. Mr Creech added that a number of licensees did not know that self-study courses they took were not QAS qualified. For instance there was one individual that took 4 courses from a provider; three were QAS approved and the fourth was not. Apparently the individual thought all the courses the provider offered were QAS qualified. Ms Pike asked since we were asking a lot of questions when reviewing the CPE, how are we to expect our licensees to know? Ms Pike said that she has some ideas and wants to develop them before presenting them to the Board. Mr Callander agrees that the process needs to be reengineered; it is very confusing. He volunteered his expertise in process improvement to simplify the CPE process.

Mr Baldwin said it is not a matter of obtaining CPE, but the CPE supporting the part of practice the CPA is operating in, and, therefore, the CPA is maintaining competency in those areas the CPA chooses to practice in.

Ms Cubitt stated that in an earlier Board meeting staff was instructed to have licensees report their CPE on an annual basis. Staff will be performing a desk audit on all CPE reports and will be able to send out letters to individuals as errors are found.

Mr Callander mentioned that staff did a great job of completing the initial review of the CPE.

- E. Report of Examination/CBT Committee – Anthony Callander

MOTION

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

- F. Other Professional Issues Committee – Wendell Lunsford
This committee had no report.

- G. Report of Qualification for Licensure Committee – Anthony Callander
This committee had no report.

H. Report of Character and Fitness Committee – Robert Baldwin
This committee had no report.

6. **Approval of Board Members attending NASBA's Annual Meeting.**

Mr Hobbs indicated that the Meeting is being held on October 23 – 26, 2011, in Nashville, TN. Ms Cubitt stated to register as soon as possible.

MOTION

Mr Baldwin made a motion that any Board member that wants to attend NASBA's Annual meeting be authorized to attend. Mr Burkett seconded the motion. The motion carried unanimously.

7. **Public Comments**

No public comments

8. **Adjournment**

MOTION

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

The July 20, 2011, meeting of the SC Board of Accountancy adjourned at 10:38 p.m.

Respectfully submitted,



Doris E Cubitt, CPA
Administrator

Approved at the August 18, 2011 Board Meeting.



Mark Hobbs, CPA, Chair