

MINUTES
SC Department of Labor, Licensing & Regulation
Board of Accountancy
Board Meeting
Thursday, May 1, 2014
SYNERGY OFFICE PARK
KINGSTREE BUILDING, ROOM 108
110 CENTERVIEW DRIVE
COLUMBIA, S.C. 29210

NOTE: These minutes are a record of the motions and official actions taken by the Board and a brief summary of the meeting.

1. Call to Order

Donald H. Burkett, CPA, Board Chair, was present and called the meeting of the South Carolina Board of Accountancy to order on May 1, 2014, at 9:04 a.m., with a quorum present. Other Board members present by conference call were: Mark Crocker, CPA, Vice Chair, Ellen K. Adkins, CPA, Tanya Greenlee, CPA, Walter Kannaday, III, CPA, David Nichols, Accounting Practitioner, Christi Cox, Esq, and Gale Bell, Accounting Practitioner.

MOTION

Mr Kannaday made a motion that the Board excuse Mr Gary Forte from the Board meeting. Ms Greenlee seconded the motion which carried unanimously.

LLR staff members participating in the meeting included: Doris Cubitt, Administrator, Michael R. Teague, Administrative Assistant, Sara McCartha, Esq, Advice Counsel, Andrew Rogers, Esq, Office General Counsel, and Sharon Wolfe, Chief Investigator, and Bridgette Goff, Investigator, both of the Office of Investigations and Enforcement.

2. Adoption of agenda.

MOTION

Ms Greenlee made a motion to move to accept the agenda as written. Mr Kannaday seconded the motion, which carried unanimously.

3. Approval of January 23, 2014, Meeting Minutes

MOTION

Mr Nichols made a motion to accept the minutes as written. Ms Adkins seconded the motion, which carried unanimously.

4. Office of Investigation & Enforcement

- A. Ms Wolfe briefed the Board regarding the OIE Case Report (Addendum 1)
- B. Dismissal report pushed until June Board Meeting

5. General Counsel Activity

Mr Rogers briefed the Board regarding the Office of General Counsel's case load.

- There are four outstanding cases (Addendum 2).

- The Dorn case has exceeded the time period to appeal the Board's decision before the Administrative Law Court.
- Previous years cases resulted in significant fines. Does the Board have specific direction for General Counsel to pursue unpaid fines through the Department of Revenue? Polled other state Board's General Counsel. Normally the threshold is \$10,000. If the fines exceed \$10,000 efforts would be made to collect the fines. Under \$10,000 it would be on a case by case basis. Item to be placed on June 19th agenda.

6. Consideration of Jessica Ovbiagele's reciprocity application

Ms Ovbiagele submitted course work through University of California's Division of Continuing Education to obtain CPA certificate program rather than course work applicable to a Bachelor's degree program as stated in Section 40-2-35(B). Some of the courses were granted semester credit other courses were granted units as continuing education. The California Board accepts that type of coursework towards CPA licensure and issued a license to her within the last year and a half. Ms Cubitt referred Ms Ovbiagele's transcript to Brentni Henderson-King, Manager for NASBA's International Evaluation Services, to help determine whether the certificate courses could be substituted for courses applicable to a Bachelor's degree. In Ms Henderson-King's opinion they would not.

MOTION

Mr Nichols made a motion to deny Ms Ovbiagele's reciprocity application due to her education not meeting statutory requirements. Mr Bell seconded the motion, which carried unanimously.

7. Consideration of Jennifer Kerr's CPA Exam Application

Ms Adkins recused herself as Ms Kerr is employed by her firm.

Ms Kerr has completed the 36 semester hour requirement in both accounting and business courses. She has also completed 71 semester hours at Utica School of Commerce, which when combined with the other semester hours taken at Empire State College and Jones International University she would have met the 120 semester hour requirement to sit and the 150 semester hour requirement to license; however, Utica is not accredited by one of the regional accreditation bodies as required by Section 40-2-35(C). Disallowing Utica's hours she only has 110 semester hours. Empire State University allowed the courses from Utica to transfer and awarded Ms Kerr a Bachelor of Science degree.

MOTION

Mr Bell made a motion to accept Ms Kerr's transcripts as submitted allowing her to sit as a South Carolina candidate for the CPA Exam. Ms Cox seconded the motion, which carried unanimously.

8. Consideration of Succession Planning – Disposition of Records

Ms McCartha provided suggested language to amend statute. The Board may also want to write regulations based upon current experience (Addendum 3). Does the Board want to establish and maintain a registry of CPAs? By stating

registry in statute it would give the Board statutory authority to add it to an application.

Ms Cubitt asked the Board how long should the successor, in our previous case, have to maintain the records of the incapacitated CPA? The firm has noticed the clients and held the records through the 2013 tax season, allowing clients to pick up their records. How much longer should they maintain the remaining hardcopy records?

Ms Cox and Ms McCartha will work together in doing research as to what other state boards are doing in this situation. Ms McCartha said that she and Mr Rogers brought the succession planning up at NASBA's 2014 Legal Counsel's conference. Not too many states have any statutes concerning it; however, those that do benchmarked against South Carolina's statute.

MOTION

Mr Nichols made a motion for the successor firm to retain the records through the extension deadline of October 15, 2014. Mr Kannaday seconded the motion, which carried unanimously.

9. Administrator's Report

Ms Cubitt discussed the following items:

- Financial reports are provided (Addendum 4)
- NASBA's Regional meeting will be June 4th through 6th. Two board members can attend. Gale Bell, as a newly appointed board member, will be attending through a scholarship, separate from the other two board members. New member orientation will begin on June 3rd.

MOTION

Mr Nichols made a motion for Ms Adkins and Ms Greenlee to attend NASBA's Regional meeting. Ms Greenlee seconded the motion, which carried unanimously.

- For those licensees who owe a substantial fine, normally we have allowed them to pay within 60 to 90 days. Would the Board entertain payments on fines greater than \$10,000? Could they spread out the payments every 90-days, once a year, to set a duration of time, and should interest be charged?

Mr Burkett suggested allowing payments as needed as long as it does not impede the case.

- Historically, the June board meeting has been canceled; however, we will keep it on the calendar for the 19th and if there is no need for it by June 5th, we will let the board members know that it is cancelled.

10. Review of CPE Exemption for person's serving on Active Military Duty

Ms McCartha said there was no agency interpretation of the statute. It is available to consider adopting if it meets the Board's needs.

11. New Business

A. Peer Review System and Recall of a Peer Review

Glenna Osier, Peer Review Manager from SCACPA. Ms Osier informed the Board that the AICPA notified SCACPA about the US Department of Labor (DOL) had identified approximately 1,400 firms nationwide that had performed Employee Retirement Income Security Act (ERISA) engagements which were not included on their Peer Review. ERISA engagements are mandatory to be selected for Peer Review. SCACPA administers both the AICPA and South Carolina Peer Review programs. DOL has taken the list and found fifteen South Carolina firms. So far they contacted Ms Osier regarding six of the firms. One firm has merged with another firm and no longer exists. A sole practitioner firm has since retired. Two firms had their Peer Reviews completed in 2014. One has not had any ERISA engagement since the last review, and the other had an ERISA engagement which was looked at during their Review. And the two remaining firms had their reviews recalled, showing their Peer Review's as delinquent. Those two particular firms are now in the process of having their firms Peer Reviewed. When SCACPA made an inquiry to the six firms, they found that the ERISA engagements were in-process at the time of the Peer Review. It does not appear that the firms did anything malicious or were trying to avoid anything, the "yes" or "no" questions of the Review did not allow for any deviation. DOL will update SCACPA regarding the other nine firms.

B. Committee Appointments

Will be discussed at next meeting

C. Approval of CPA Exam Grades

MOTION

Ms Adkins made a motion to approve the 2014 1st Quarter CPA Exam grades (Addendum 4). Ms Greenlee seconded the motion, which carried unanimously.

12. Public Comment

None

13. Adjournment

MOTION

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

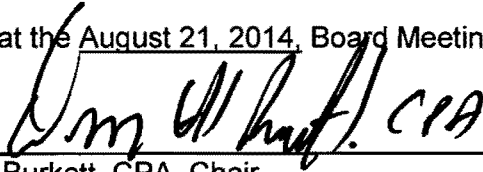
The May 1, 2014, meeting of the SC Board of Accountancy adjourned at 10:41 a.m.

Respectfully submitted,



Doris E Cubitt, CPA
Administrator

Approved at the August 21, 2014, Board Meeting.



Donald H. Burkett, CPA, Chair