

MINUTES

SC Department of Labor, Licensing & Regulation
Board of Accountancy

Board Meeting

9:00 A.M., Thursday, August 18, 2011
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 brief summary of the meeting. A transcript of this meeting providing more detail will be available on the Board's website:

1. Call to Order

Mark Hobbs, CPA, Chair, called the board meeting of the South Carolina Board of Accountancy to order on August 18, 2011, at 9:00 a.m., with a quorum present. Other Board members present were: Robert Baldwin, CPA, Vice Chair, David Nichols, Accounting Practitioner, Mr Donald Burkett, CPA, Mr Mark Crocker, Jr, CPA, and Ms Malane Pike, Esq.

MOTION

Mr Baldwin made a motion that the Board excuses the following Board Members, Mr Gary Forte, Ms Tanya Greenlee and Mr Wendell Lunsford from today's Board Meeting. Ms Pike seconded the motion which carried unanimously.

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

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

Prosecuting Counsel, Ms Suzanne Hawkins, Esq, contacted Mark Hobbs notifying him that Mr Smith's attorney is again requesting the hearing to be postponed. Ms Cubitt is to get with Ms Hawkins to determine an opening in her schedule that would be compatible with the Boards schedule for a new hearing date.

3. Adoption of Agenda

MOTION

Mr Nichols made a motion that the Board adopt the agenda as revised. Mr Burkett seconded the motion which carried unanimously.

4. Approval of Minutes of Meeting held on July 18, and July 20, 2011

MOTION

Mr Crocker made a motion that the Board approve the minutes of the July 18, and July 20, 2011, meetings. Mr Nichols seconded the motion which carried unanimously.

5. Mr Steve Freshley, OIE presented the August 11, 2011, IRC Dismissal Report

MOTION

Mr Burkett made a motion that the Board accept the recommendation to dismiss case numbers 2009-19, 2009-35, and 2010-30. Mr Baldwin seconded the motion which carried unanimously.

Mr Burkett pointed out that the National Association of State Boards of Accountancy (NASBA) is proposing to provide internet based training and manual for investigators which may be beneficial to the Board's investigators.

6. Mr Hobbs asked for a motion to go into Executive Session to discuss a legal matter

MOTION

Mr Baldwin made a motion that the Board to go into Executive Session to discuss a legal matter. Mr Burkett seconded the motion which carried unanimously.

Board Members Mr Baldwin, Mr Crocker, and Mr Nichols did not stay for Executive Session as they were not part of the Board at the time of the legal issue.

MOTION

Mr Burkett made a motion that the Board to go into Executive Session to discuss a legal matter. Mr Nichols seconded the motion which carried unanimously.

Mr Hobbs announced no votes were taken during executive session.

MOTION

Ms Pike made a motion that Mr Gary Forte be appointed as Secretary of the Board; however, for the purposes of this meeting only Mr Baldwin be appointed as acting Secretary. Mr Burkett seconded the motion which carried unanimously.

MOTION

Ms Pike made a motion that the Board authorize Ms Cubitt and administration of LLR to purchase an Errors and Omissions policy to cover them for liability purposes in the event that the Board members or the employees of the Board of Accountancy are sued in their capacity as Board members or as employees. Coverage on the policy should be in the 5 million to 10 million dollar range for each individual. Mr Burkett seconded the motion.

Discussion ensued.

AMENDED MOTION

Ms Pike made an amended motion that the Board authorize Ms Cubitt and administration of LLR purchase an errors and omissions policy to cover them for liability purposes in the event that the Board members or the employees of the Board of Accountancy are sued in their capacity as Board members or as employees. Coverage on the policy should be in the 5 million to 10 million dollar range for each individual, and the Board requests that stated liability limit be reviewed to make certain that is high enough to accommodate any liability that they might incur. Mr Burkett seconded the motion which carried unanimously.

7. Administrator's Report

Ms Cubitt discussed the following items:

- NASBA's Peer Review Oversight Committee (PROC) met in Charleston, August 15, and 16, 2011
- She conducted an unannounced site visit at the Charleston Prometric Testing center
- Gave an update on the CPE audit

Ms Cubitt and Mr Hobbs highlighted the need for a Deputy Administrator (possibly a CPA) for continuity purposes, Peer Review, and CPE programs

Discussion ensued.

Ms Cubitt is to report back at the next Board meeting with the State requirements for a Position Description for the Deputy Administrator.

8. Consideration of exceptions or accommodations to CPE requirements.

MOTION

Ms Pike made a motion for the Board to defer consideration on the issue until legal counsel can get some information back to them. Mr Baldwin seconded the motion which carried unanimously.

9. Consideration of Gerald Romaine's request to reinstitute the Inactive Status.

MOTION

Ms Pike made a motion for the Board to defer consideration on the issue since it contains some of the same issues upon which we are going to be getting a legal opinion. Mr Nichols seconded the motion which carried unanimously.

10. Drafting of Bill

Mr Burkett said that he would be meeting the next day with BoA staff and LLR Advice Counsel to discuss legislation. He believed that it is good that LLR has agreed to write the

legislation. He would have more to report before the pre-file deadline in December. Discussion ensued.

Ms Pike discussed the clarification of Regulation 1-10(D). It was interpreted, as it reads now, that if a licensee employed or associated with a person whose license is revoked or suspended outside of South Carolina, that the Board could discipline them here. That was not the intent. The proposed modifications are underlined and in bold.

“A licensee or permit holder shall not employ or associate **in South Carolina**, directly or indirectly, a person whose license is revoked or suspended by this Board or by the Board of Accountancy in any other jurisdiction. Employing or associating such a person **in South Carolina** as an accountant, investigator, tax preparer or in any other capacity connected with the practice of accounting subjects the licensee or permit holder to discipline by the Board.”

MOTION

Mr Burkett made a motion for the Board to approve the suggested language changes to Regulation 1-10(D). Mr Baldwin seconded the motion which carried unanimously.

11. Peer Review/Communications Committee

Mr Hobbs explained that the Peer Review Oversight Committee (PROC) meeting in Charleston brought out that Boards need appropriate oversight and cannot delegate that responsibility to the RAB at the South Carolina Association of CPAs (SCACPA) or any other association or society. It is suggested that each Board of Accountancy has its own PROC much like the Investigative Review Committee (IRC). The PROC would consist of three volunteers from the profession. One of the members would attend the RAB instead of Jim Holloway. Mr Holloway would continue to serve in an investigative type capacity.

Mr Hobbs has asked Ms Tanya Greenlee to help with communications

Mr Hobbs announced that he and Ms Cubitt would be speaking at upcoming Professional Issues Updates that are scheduled throughout the state by SCACPA.

12. Big Gap – Little GAAP

Mr Hobbs asked the Board whether or not the Board should take an official position as to what Mr Landes spoke of earlier. No response.

13. Recovering Professional Program

Mr Hobbs spoke of the Recovering Professional Program and reminded the Board members that if they know of a CPA that needs help with substance abuse this program is there to help them. There were a couple of PowerPoint slides in the Professional Issues update being presented around the state to educate the profession.

14. Administrator Travel

Mr Hobbs said that he spoke with Catherine Templeton, the LLR Director, the previous week and one of the items was for the Board to be cognizant of the Boards Administrator's involvement with other organizations. At the August 18, 2011, Board Meeting the Board voted to authorize Ms Cubitt, in her capacity of Board Administrator, to attend NASBAs Regional, Executive Director, Annual, and any Committee meetings she may be involved in. Further discussion ensued.

MOTION

Mr Burkett made a motion for the Board to support the need of Doris Cubitt to attend the previously stated organizational meetings as they are important for her job, as the executive director of our Board. Mr Baldwin seconded the motion which carried unanimously.

15. Confirmation of Investigative Review Committee (IRC) Chair

Ms Cubitt described the functions of the IRC, the makeup, and the role of the presiding Chair.

MOTION

Mr Burkett made a motion for the Board to confirm the committee which includes Austin Sheheen as Chair. Mr Baldwin seconded the motion which carried unanimously.

16. NASBA Regional Directors Focus Questions

NASBA's Board of Directors periodically sends out questions that are time relevant to issues being addressed at other Boards of Accountancy throughout all the jurisdictions. The Board answered the questions presented. Discussion ensued.

17. Public Comments

No public comments

18. Adjournment

MOTION

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

The August 18, 2011, meeting of the SC Board of Accountancy adjourned at 12:03 p.m.

Respectfully submitted,

Doris E Cubitt, CPA
Administrator

Approved at the October 18, 2011, Board Meeting.

Mark Hobbs, CPA, Chair

Robert Baldwin, CPA, Vice Chair