

MINUTES
SC Department of Labor, Licensing & Regulation
Board of Accountancy
Board Meeting
Thursday, April 30, 2015
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.

Mr Crocker made a statement regarding the passing of fellow Board Member Gary Forte: Let the record show, and be it resolved that Gary will be sorely missed. He was a good friend to us all and his service to the Board was of great value to the CPA profession and the citizens of the state of South Carolina. He had the optimum blend of interest and humor and served as a good example for all of us.

1. Call to Order

Mark Crocker, CPA, Board Chair, was present and called the meeting of the South Carolina Board of Accountancy to order on April 30, 2015, at 9:03 a.m., with a quorum present. Other Board members present were: Donald Burkett, CPA, Ellen K. Adkins, CPA, and Gale Bell, Accounting Practitioner.

MOTION

Mr Burkett made a motion that the Board excuse Mr David Nichols, Accounting Practitioner and Ms Tanya Greenlee, CPA from the Board meeting. Ms Adkins seconded the motion which carried unanimously.

LLR staff members participating in the meeting included: Doris Cubitt, Administrator, Michael Teague, Program Coordinator, Bridgette Goff, Administrative Coordinator, Mary League, Esq, Advice Counsel, Andrew Rogers, Esq, Office Disciplinary Counsel, Sharon Wolfe, Chief Investigator, and Dwayne Eanes, CPA, Investigator, both of the Office of Investigations and Enforcement.

2. Adoption of Agenda.

MOTION

Mr Burkett made a motion to accept the agenda as written. Mr Bell seconded the motion, which carried unanimously.

3. Approval of January 27, 2015, Meeting Minutes

MOTION

Mr Bell made a motion to accept the minutes as written. Ms Adkins seconded the motion. The motion carried unanimously.

4. Office of Investigation & Enforcement

- A. Ms Wolfe briefed the Board regarding the OIE Case Report (Addendum 1)

- B. Dismissal report from the April Investigative Review Committee Meeting (Addendum 2)

MOTION

Mr Burkett made a motion to accept the dismissal report as presented. Mr Bell seconded the motion, which carried unanimously.

5. Office of Disciplinary Counsel Activity

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

- There are seven outstanding cases including the two Consent Agreements being presented today (Addendum 3 & 4).

6. Consideration of Consent Agreement regarding Keith Sherrill (CPA 2419, Case 2013-41)

Mr Rogers presented Keith Sherrill's Consent Agreement as he made several unwanted and sexually inappropriate comments toward a female co-worker.

MOTION

Mr Burkett made a motion to approve the Consent Agreement as presented (Addendum 5). Ms Adkins seconded the motion, which carried unanimously.

7. Consideration of Consent Agreement regarding Ezra Crenshaw (CPA 5481, Case 2014-21)

Mr Rogers presented Ezra Crenshaw's Consent Agreement due to his misappropriation of funds over \$500,000 from three organizations. Mr Crenshaw has signed the Consent Agreement while serving his sentence in SC Department of Corrections.

MOTION

Mr Bell made a motion to approve the Consent Agreement as presented (Addendum 6). Mr Burkett seconded the motion. Ms Adkins inquired as to the sentence in which Mr Rogers replied 4.5 years on two counts Breach of Trust with Fraudulent Intent and Breach of Trust with Fraud over Ten Thousand Dollars. The motion was called to a vote and carried unanimously.

8. Administrator's Report

Ms Cubitt discussed the following items:

- Emails were sent to Board Members describing internal changes within LLR. Our section lost the Funeral and Cemetery Boards, but gained the Geologist Board. We also lost Amy Holleman as she applied and was chosen for the Administrator position over the Funeral, Cemetery and Auctioneers Board group. We also lost Wendi Elrod and Jeanie Rose as they were primarily assigned to those two boards to begin with. Our section did pick up Bridgette Goff from OIE to back fill Michael's position as he will be leaving the agency later summer. We also picked up Adriane Mack from the Environment/Geologists group. We have had Christina Fiber as a temp employee on board since fall 2014 to help with reviewing, keying, and posting CPE. She has been assigned additional duties with these changes as well.
- Financial reports are provided (Addendum 7)

Ms Adkins asked what the percentages meant that is associated with the different line items. Doris replied that those are our percentage of those costs.

- Formally introduced Dwayne Eanes the agency's new CPA investigator/inspector. Took him immediately to NASBA's Legal Conference the week after starting at LLR.

Mr Eanes gave a brief background. He was a senior auditor with Scott & Company. Was also was the lead person for the company's Peer Review. Ms Cubitt mentioned that the 20 cases will be his priority to begin with and will branch out into Peer Review and inspections. Mr Crocker asked that a job description and a time allocation can be provided to the Board.

- NASBA's Executive Directors/Legal Conference: The DOL's Employee Retirement Income Security Act (ERISA) Audit is still a hot topic. Stacey Grooms from NASBA is working with Doris in drafting letters to those South Carolina firms that were involved with the Audit. Mr Crocker asked whether our firm renewals ask if the firms are providing ERISA work. Ms Cubitt said no but we can add it for the 2016 Renewals. Ms Cubitt added that we will be adding a question regarding whether the firms are providing governmental audits and if so are they obtaining the necessary Yellowbook CPE.

Mr Rogers spoke at the Legal Conference regarding the 5th Amendment as it relates to Administrative Law; when a respondent can take the 5th and the implications. Ms League mentioned that Mr Rogers presentation was very well received and other attorneys in attendance said that his presentation was one of the more informative, interesting and well presented sessions of the entire legal conference.

Ms Cubitt added whether CPA's will be able to provide services in the states that have legalized marijuana use as it is still illegal activity by federal guidelines. It will be an ongoing discussion. Washington State has put out that the Board would not go after any CPA that would be providing services to the industry.

- The Oath Ceremony will be on May 6th at the State House. And Governor Haley has declared that day as CPA Day. With Erin Pate's work the House is doing a joint resolution recognizing CPAs as well.

Erin Pate, Chief Executive Officer for the South Carolina Association of CPAs, gave an update to the Board. At 10:45 many CPAs will be in attendance in the Gallery of the House where Representative Bill Sandifer will read the resolution. The resolution is to recognize the South Carolina Board of Accountancy and the South Carolina Association of CPAs which both organizations were founded in 1915, honoring our centennial anniversary. The Oath Ceremony will be held after on the State House grounds.

- Quality Audit Review will be held on May 12th and 13th. Dwayne Eanes will be providing technical support.
- The Regional meetings will be in June. The Western will be on June 17 though the 19, and the Eastern will be June 24 through 26.
- Peer Review Oversight Committee (PROC) will be July 11 in Nashville. Since the Board is planning to implement a Peer Review Oversight Committee it would be an invaluable experience.

MOTION

Mr Burkett made a motion for two staff members and two board members to attend the PROC on July 11, 2015. Mr Bell seconded the motion, which carried unanimously.

- The Board currently has three board member positions vacant. Ms Cubitt will contact Holly Beason within the agency to see about getting movement in getting the positions filled.
- Erin Pate gave the Board an update regarding the bill down at the State House. Both the House and the Senate have a bill; the preference is for the Senate's version. The Senate version has been sitting in the House for committee consideration for about 6 weeks and is due to come up for a Sub Committee hearing on May 6th the same day as the CPA day. Ms Cubitt added that the bill will increase the total of Board Members from nine to eleven members. The Bill also requires one of the public members to be an attorney. Ms Pate added that it may be challenging as the Bill requires a board member from each congressional district. Ms Adkins asked if the Bill's language states whether the board member "may" be from each congressional district rather than "must". Ms Pate mentioned the suggestion was made, but she believes that it says "must". Ms Adkins also asked whether there is a legal limit to the number of terms. Ms Cubitt said no and added that the practical limit is to serve two terms of four years; however, if an individual is appointed in a middle of a term the individual will fill the unfulfilled term then two four year terms. The same term limits are for Public Members too.
- Ms Cubitt posed a suggestion to the Board to change the start time of the Board meeting to 10a.m. rather than 9a.m. to help those who have further to travel.

MOTION

Mr Burkett made a motion for board meetings to start at 10a.m. rather than 9a.m. Mr Bell seconded the motion, which carried unanimously.

- Ms Cubitt mentioned, in the past the Board has not allowed two firms to work from the same office as it is confusing to the public; however, if a partner of the current firm, Firm A, wants to establish a new company and provide additional services such as controllership, could both of the firms be operated out of the same office since the services provided is distinctly different from each other? Not all partners from Firm A are involved with Firm B only the one partner. Ms Cubitt's interpretation would be not to allow it. There would need to be a separate location for Firm B and in a different name. Mr Crocker asked if it was addressed in statute. Ms Cubitt said no, it has been a policy of the Board. It stems from where the Statute states that names of firms cannot be confusing to the public. Mr Burkett said that the individual setting up Firm B would have to have a separate name on all materials setting it apart from the Firm A and to have a separate firm registration.

9. Old Business

A. U.S. Department of Labor's Audit Issue

Provided earlier in Administrators remarks

B. Peer Review Update

Ms Cubitt said that SCACPA is going to provide her with a list of firms that are enrolled in the Peer Review program so we can determine who is in compliance. Ms Pate provided a handout (Addendum 8) regarding the number of enrollees, the breakdown of the enrollees, and other statistical information. Due to the confidentiality of the Peer Review program only certain information can be shared to Board Members.

Ms Cubitt posed a suggestion to the Board to allow Dwayne Eanes to take SCACPA's How to Conduct a Peer Review and the Advanced Peer Review courses as it would be beneficial to him when conducting Inspections.

MOTION

Mr Burkett made a motion to approve Dwayne Eanes to attend the specified CPE courses through SCACPA. Ms Adkins seconded the motion, which carried unanimously.

10. New Business

A. Non-Renewal Cease & Desist Notices Issued

Ms Cubitt said that the Cease & Desist notices have been created and will be mailed in the next couple of days.

Accounting Firms In-State (AFI) – 41
Accounting Firms Out-of-State (AFO) – 27
Accounting Practitioners (AP) – 4
Certified Public Accountants (CPA) - 137

B. Focus Questions

Were not completed

C. Approval of CPA Exam Grades

MOTION

Mr Burkett made a motion to approve the 2015 1st Quarter CPA Exam grades (Addendum 9). Mr Bell seconded the motion, which carried unanimously.

Ms Cubitt mentioned that South Carolina candidate Weston Moore received the 2014 Elijah Watt Sells Award.

(Under the sponsorship of the American Institute of CPAs (AICPA), the Elijah Watt Sells Award program was established in 1923 to recognize outstanding candidate performance on the CPA Exam. The 2014 criteria states that award winners must have scored a cumulative average above 95.50 across all four sections of the CPA Exam, completed testing during the 2014 calendar year, and passed all four sections of the Exam on their first attempt.)

Ms Adkins asked if we can obtain a listing showing the number of times that a candidate sits for the Exam. Ms Cubitt said that we can. The Virginia Board has made it a policy that if a candidate has sat for the exam forty times they must appear before the Board to get permission to sit again. The concern is the candidate could be mining for exam questions. Ms Cubitt said this may be

an area that needs further review as there is at least one current candidate that has sit consistently since 1996.

D. Supplemental Information

Mr Burkett mentioned the Uniform Accountancy Act (UAA) and Education Committees are proposing changes to Statement on Standard for Continuing Professional Education Program to allow Nano-Learning and Blended Learning. Ms Adkins asked how many states have adopted Nano-Learning. Mr Burket said there were three so far and all three are different; that's why NASBA is incorporating a set standard in the new revision.

Mr Burkett also mentioned that the UAA Committee is also looking to standardize the retired-emeritus status to have some uniformity throughout the industry.

Mr Burkett said that when the California Board passed mobility, there was a provision to review all the other State Board's in 2015 to see if the other boards are in compliance with mobility or they will not allow those CPA's from those states to practice in California. NASBA is watching the situation very carefully.

Mr Burkett reiterated that NASBA Committee assignments are coming up soon. If anyone wants to be on certain committees to email him. Normally committees meet face-to-face once a year and have several conference calls all the other times.

Ms Cubitt added another issue is competency based education. The UAA calls for 150 semester hours of education – not of life experiences. This can also affect mobility. NASBA is also following this too.

Mr Crocker declared April 30, 2015, as Erin P. Pate Day.

Let the record show and be it resolved, that this Board, LLR and the State of South Carolina, greatly appreciates her contributions to the profession of public accounting. Erin is well respected throughout the state, she is probably acquainted with more CPAs than everyone combined in this room. She is also acquainted with many C level executives of non-profits and for profits around the state. And she is also acquainted with most of our elected and appointed federal, state, and local politicians and officials. We will miss having Erin as a resource to the Board. Erin please do not get too far from your phone or email. We wish you the best with your future endeavors. Mr Crocker asked for a motion to adopt the resolution.

MOTION

Mr Burkett made a motion to adopt today, April 30, 2015, as Erin P. Pate Day. Mr Bell seconded the motion, which carried unanimously.

11. Public Comment

Ms Pate expressed her thanks for all the support. She stated that she posted on her Facebook page that she was going to her last Board of Accountancy Meeting and she was going to miss hanging with these devoted public servants.

12. Adjournment

MOTION

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

The April 30, 2015, meeting of the SC Board of Accountancy adjourned at 11:15 a.m.

Respectfully submitted,

Doris E Cubitt, CPA
Administrator

Approved at the June 30, 2015, Board Meeting.

Mark S. Crocker, CPA, Chair