

MINUTES

SC Department of Labor, Licensing & Regulation
Board of Accountancy

Board Meeting

Thursday, June 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 retirement of Michael Teague, Program Coordinator for the Board of Accountancy and the Board decided on a plaque to recognize his service to the Board.

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 June 30, 2015, at 10:06 a.m., with a quorum present. Other Board members present were: Ellen K. Adkins, CPA, Gale Bell, Accounting Practitioner, Donald Burkett, CPA, Ms Tanya Greenlee, CPA, and Mr David Nichols, Accounting Practitioner. The Board is awaiting five new appointees to have a total of seven CPAs, two PAs and two Public Members.

LLR staff members participating in the meeting included: Doris Cubitt, Administrator, Bridgette Goff, Administrative Coordinator, Mary League, Esq, Advice Counsel, Andrew Rogers, Esq, Office Disciplinary Counsel, and Dwayne Eanes, CPA, Investigator and Sharon Wolfe, Chief 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 Nichols seconded the motion, which carried unanimously.

3. Approval of April 30, 2015, Meeting Minutes

MOTION

Mr Burkett 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

Thirty-six complaints received this year, nine active, 11 do not open cases, one closed and 15 pending board action. There are a total of 17 active cases, closed 15, 10 Do Not Open and five regular closings.

B. Dismissal report from the June Investigative Review Committee Meeting (Addendum 5)

MOTION

Mr Burkett made a motion to accept the dismissal report as presented.
Ms Greenlee 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 nine open cases, two on today's docket as Consent Agreements, an additional one still out with respondent not available today, which he hopes to have by next meeting. There are six pending cases otherwise. Three cases have been closed so far this year. (Addendum 6).

The Board went into Executive Session at 10:45 to consider both Items #6 and #7. Ms Adkins made a motion to come out Executive Session. Mr Burkett seconded the motion, which then carried unanimously.

6. Consideration of Tracy Miller's Reciprocity Application

Hearing for Tracy Miller. Mr Miller was sworn in by Celia Englert, Court Reporter. Mr Miller is currently licensed in Indiana but has held out as a CPA in SC since 2002 in violation of SC 40-2-30(A). The Character and Fitness Committee recommended that he be licensed with \$5,000 fine and three years' probation, but did not specify if this included both individual and firm licenses.

MOTION

Ms Greenlee made a motion to approve both applications as presented upon compliance with the following conditions: 1) payment of fine, \$1500 per license for a total of \$3000; 2) must take the two hour SC specific ethics course by end of 2015; and 3) three year probation as of date of the order. Mr Bell seconded the motion, which carried unanimously. (Addendum 7).

7. Consideration of The Business Doctor CPA PC as a Firm Name

Hearing for Donovan Miller. to determine if he can use firm name The Business Doctor CPA PC. Mr. Miller was sworn in by Celia Englert, Court Reporter. A firm cannot use a firm name that is misleading and this application lies outside Doris' parameters as administrator to approve firm names. Mr Miller is licensed in Michigan.

MOTION

Mr Nichols made a motion to accept the name of the firm as presented.
Mr Burkett seconded the motion, which carried unanimously (Addendum 8).

8. Consideration of Disciplinary Consent Agreements and other Actions

Glenn Thornburg (CPA8575), Cases 2013-31 and 2014-16 – Consent Agreement
Both cases are similar; Mr Thornburg did not properly name his firm according to statute. (Addendum 9)

MOTION

Mr Burkett made a motional to accept the Consent Agreement, Mr Nichols seconded the motion, which then carried unanimously.

9. Consideration of Firm Renewal/Reinstatement Consent Agreements

- A. Aimee Lingle Shumpert (AFI 2334)
- B. Alice B Hazel CPA (AFI 2061)
- C. Cedric A Thibodeaux CPA LLC (AFI 2994)
- D. Christine E Cassidy PA (AFI 2524)
- E. Complete Business Services of the Upstate Inc (AFI 2890)
- F. Harriet L Goldberg CPA LLC (AFI 2895)
- G. James H Stuckey Jr PC (AFI 1676)
- H. John W Richardson CPA (AFI 2468)
- I. Kirk L Glenn CPA PA (AFI 1355)
- J. Leonard A Hoogenboom CPA PA (AFI 1410)
- K. Linda P Hall LLC (AFI 3074)
- L. Richard G Hawk CPA (AFI 2551)
- M. Robert Crosby CPA PC (AFI 1064)
- N. Thomas W Cox CPA PA (AFI 1058)
- O. Treeter Consulting Inc (AFI 2606)

MOTION

Mr Burkett made a motion to accept all the Consent Agreements, Mr Nichols seconded, the motion carried unanimously. (Addendums 10(A)-10(O))

10. Administrator's Report (Doris Cubitt)

- A. Financial reports are provided (Addendums 11(A)(1)-11(A)(3))
- B. CPA Exam Fee Increase
Administrator Doris Cubitt mentioned there was a small increase in the CPA Exam fee due to Prometric increasing their fees (Addendum 11(B))
- C. Colleges Offering Accelerated Graduate Accounting Degrees
The board discussed that some colleges are offering accelerated graduate accounting degrees and how to treat courses that count a single course as both an undergraduate and graduate course. (Addendum 11(C))
- D. CPA Exam Performance
CPA Exam performance in SC has slipped a little but is still relatively high. (Addendum 11(D))
- E. Boards of Accountancy Attest and Firm Ownership Maps
NASBA maps showing status of adoption of a comprehensive definition of attest and status of adoption of legislation requiring simple majority firm ownership by CPAs was in their packet. (Addendum 11(E))
- F. Exposure Draft of the CPA Exam Fall 2015
Exposure draft of changes to CPA exam, talked about adding more simulations, may add a simulation to BEC, may test higher level skills, changing the number of sections, length of time to test. (Addendum 11(F))

Records questionnaire from AICPA , our policy has been that member-prepared records, such as a depreciation schedule, those belong to the client since the client's records are incomplete without those. In the past, if the member releases the product, it becomes the clients. So if the client picks it up and you don't ask for

payment at that time, the member will have to furnish copies. Also if you've given the product to one party (MFJ, now divorcing) if you give a copy to one spouse, then you will have to give to other spouse upon request. Board's position has been that they can charge a reasonable copy fee.

11. Old Business

US DOL Peer Review Audit Update (Addendum 12(A)(1)-12(A)(2))

An official report has been issued. Stacy Grooms of NASBA has helped with language for the letters we will send out on these. Donnie stated the report calls into question the whole peer review process. There is a fairly high fail rate. Doris said her takeaway is that some of the firms are not prepared to take on some of the work they perform.

Mr Crocker asked to hear from our new investigator, Dwayne Eanes, about his first month. Mr Eanes shared that he had just been to the NASBA Annual Conference in Tampa and the NASBA Eastern Regional Meeting in Baltimore. He stated he had worked with the Real Estate Commission on a large case of theirs. He also supervised the Quality Audit Review in May and was able to present 11 cases at the last Accountancy IRC. He shared that from the regional meeting other attendees were interested in his role as inspector in addition to his role as an investigator. Mr Crocker asked if he knew how he would perform an inspection. Ms Adkins mentioned they had started a checklist and guidelines but they were in the rough stages. She elaborated that the Board would look for certain indicators that would be used for high risk firms.

Doris introduced Chris Jenkins, the new CEO of SCACPA. He was formally CIO of Ohio Accountancy Board and worked on nano-learning in Ohio.

12. New Business

A. Implementation of Recent Statute Changes

(1) National criminal records check.

A new applicant has to pay for their own records check. If under investigation, we have to pay for it, but can ask for costs to be reimbursed. We have to work through SLED and FBI and we have to have training and secure storage. Until we are up to that point in training and storage we will not be requiring that.

(2) One hundred and twenty CPE hours for those not licensing with three years from passing the exam.

We are going to develop an article for the website and can do an e-mail blast. It was effective when signed by Governor Haley, but does the board want to make an effective date? Ms League said best effective date would be the date the law was signed, which was 6/3/15.

(3) Additional six months of experience if original experience is more than seven years old. We will also use 6/3/15 for the experience requirement.

(4) Simple majority of ownership for firms.

Since this is less restrictive it will not really affect the firms we already have.

- (5) Non-CPA owners must complete 40 hours of CPE applicable with their profession.

The new majority of ownership rule will affect this new provision in the law. Ms Cubitt asked the question about how we will track the CPE of these non-CPA owners. She said we will probably have to create a new designation for this person. She mentioned that the law states the CPA owner(s) will be responsible for the actions of the non-CPA owner. Ms Adkins asked if CPE hours will be pro-rated for 2015 to which Ms Cubitt stated it would be better if we made it effective in 2016. Ms Cubitt said their CPE should be related to their field. Mr Burkett agreed to notify the firms that it would begin in 2016.

MOTION

Mr Burkett made a motion that CPE requirement for the non-CPA owners begin January 1, 2016 and require them to have the same ethical requirements for CPE that CPA owners have. There was discussion about the definition of who is considered an owner, particularly in regards to equity owners and income partners. It was determined that Ms Cubitt would research the issue of ownership. The motion was seconded by Mr Bell and was carried unanimously.

- (6) Reinstatement Fee (Section 40-2-250(E))

The law was intended to give Board some discretion as to whether to charge the \$500 reinstatement fee for firms, however for individual licenses the language in the law didn't change to reflect this intent. The Board is of the opinion that administratively we should not change how we handle reinstatements.

- B. NASBA/AICPA Exposure Draft on Statement on Standards for CPE
Doris asked board to read draft and it will be on the agenda August Board meeting.
(Addendum 13(B))

13. Public Comment

No members of the public were present.

14. Adjournment

MOTION

There being no further business to be discussed at this time, Mr Bell made a motion the meeting be adjourned. Mr Burkett seconded the motion, which carried unanimously. The June 30, 2015, meeting of the SC Board of Accountancy adjourned at 12:51 p.m.

Respectfully submitted,

Doris E Cubitt, CPA
Administrator

Approved at the August 27, 2015, Board Meeting.

Mark S. Crocker, CPA, Chair