

Agenda
S. C. Department of Labor, Licensing & Regulation
Board of Accountancy

Thursday, August 27, 2015, 10:00 a.m.
SYNERGY OFFICE PARK, KINGSTREE BUILDING, ROOM 108
110 CENTERVIEW DRIVE, COLUMBIA, S.C. 29210

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

- 1. Call to Order** – This meeting is being held in accordance with the Freedom of Information Act by notice emailed to The State Newspaper; Associated Press; WIS-TV and all other interested persons, organizations or news media. In addition, the notice was posted on the Board's website and on the bulletin board at the main entrance of the Kingstree Building.

Chairman Mark Crocker, CPA, Board Chair, was present and called the meeting of the South Carolina Board of Accountancy to order on August 27, 2015 at 10:04 a.m., with a quorum present. Present Board members were: Ellen K. Adkins, CPA, Gale Bell, Accounting Practitioner, Donald Burkett, CPA, Tanya Greenlee, CPA, and David Nichols, Accounting Practitioner. The Board is awaiting five new appointees to have a total of seven CPAs, two APs and two Public Members.

LLR staff members participating in the meeting included: Doris Cubitt, CPA, Mary League, Esq. Advice Counsel Administrator, Bridgette Goff, Program Coordinator, Sharon Wolfe, Chief Investigator, Office of Investigations and Enforcement. Also present were Dan Dustin of NASBA and Yihong Wu, an applicant for licensure.

- 2. Moment of Silence and Pledge of Allegiance**
- 3. Consideration of Excuses for Absences of Board Members**

All board members were present.

- 4. Adoption of Agenda**

MOTION

Ms. Adkins made a motion to move agenda item #9 before #8, move Item #14D to right after Mr. Dustin's presentation, and defer Item #14G to the November 12, 2015 meeting. Mr. Bell seconded the motion which carried unanimously.

- 5. Approval of June 30, 2015, Meeting Minutes**

MOTION

Mr. Burkett made a motion to approve meeting minutes as written. Ms. Greenlee seconded the motion which carried unanimously.

- 6. Office of Investigation & Enforcement Report**

Chief Investigator Sharon Wolf briefed the Board regarding the OIE Case Report. There are currently thirteen active cases, one closed, eleven Do Not Open, three open and waiting assignment to investigator. There have been twenty-four total active cases for the year, nine closed, and eleven Do Not Open.

MOTION

Mr. Nichols moved to accept the OIE report. Mr. Burkett seconded?

- A. Investigative Review Committee (IRC) Report

Chief Investigator Sharon Wolfe asked Board to review and approve if they concur with their recommendations

MOTION

Mr. Burkett moved to approve the recommendations of the IRC. Mr. Bell seconded the motion, which carried unanimously

7. Office of Disciplinary Counsel Report

Andrew Rogers not present due to family illness but Ms. Cubitt reported that there was a Consent Agreement which appears next.

8. Consideration of Disciplinary Consent Agreements and other Actions

Charles W. McGaughy (AP #522) had practiced without registering his firm.

MOTION

Mr. Burkett moved to accept the Consent Agreement and Mr. Nichols seconded. Ms. Adkins asked question about penalty amount. Ms. Cubitt explained that first offense is a certain amount without regard to length of time firm had been unregistered, but stated it could be reviewed at a later date. Ms. Cubitt affirmed that amount was consistent with penalty. After this discussion, the motion carried unanimously

9. Advice Counsel Review and Legal Update

10. Presentation by Dan Dustin of NASBA: Current Topics

One of his goals is to see that state boards are represented and involved in NASBA. He focused on some topics such as the recent North Carolina case and their executive order, SSARS 21 and Peer Review.

Mr. Burkett asked about university credentials, particularly Western Governor. Dan stated NASBA had met with Western Governor to discuss concerns with "life experiences" learning.

Chairman Crocker asked about giving credit for nano-learning. Ms. Cubitt responded that nano-learning can be useful, but hopes the exposure draft would limit the number of hours, but if not the Board can restrict total number of hours of nano-learning can be allowed for CPE. It would require a change to regulations. Tonya asked if the two states who have adopted nano-learning if they had passed a limit. Donny interjected that states need to adopt consistent time. Ms. Adkins stated that CPE tracking would become burdensome if states adopt 10-minute increments. Ms. Commented that NASBA has always been helpful with any question or concern and is an excellent resource.

11. (Formerly 14D moved during agenda approval) Consideration of Application of Yihong Wu

Ms. Wu was sworn in by Ms. Englert, Court Reporter. Purpose of hearing was to determine if Ms. Wu's application for licensure could be approved due to the fact that her supervisor refused to sign off on her experience. After Doris Cubitt affirmed that Ms. Wu completed an application after passing the CPA exam, except that her CPA supervisor at SC State University refused to sign her experience form. Ms. Cubitt also stated that in addition to Ms. Wu's efforts to contact her CPA

supervisor she was not able to get a signature for her experience and stated that he was very difficult to get in touch with since he no longer worked at SC State. Ms. Cubitt subpoenaed Ms. Wu's personnel files from SC State that were presented to the Board. In addition to Ms. Wu's direct supervisor, Ms. Cubitt also attempted contact with other CPAs at SC State. Those she contacted had favorable remarks about Ms. Wu but none had been her direct supervisor. Ms. Wu testified on her own behalf about her experience at SC State and a dysfunctional professional working relationship with her CPA supervisor.

MOTION

Mr. Burkett moved to retire to Executive Session seconded by Ms. Adkins. Mr. Burkett then rescinded his motion to receive additional comments from Ms. Cubitt on Ms. Wu's application. Mr. Burkett then moved to go into Executive Session to receive legal counsel on Ms. Wu's application and recent legal and statutory changes. Mr. Nichols seconded and the motion carried unanimously. After coming out from Executive Session, Ms. Adkins made a motion to approve Ms. Wu's application. Ms. Greenlee seconded the motion which carried unanimously.

12. Chairman's Remarks

Chairman Crocker thanked everyone for being present. He questioned when open seats would be filled to which Ms. Cubitt replied that new candidates were being considered but she did not know when the seats would be filled. Chairman Crocker commented that Board should understand how useful NASBA is to the Boards and how NASBA's resources could be better utilized.

The Board presented a gift from them personally to Michael Teague for his service to the Board for the staff to send to him.

13. Administrator's Report (Doris Cubitt)

- A. Financial Report
- B. June 2015 FYE Report
- C. Board Member manuals are updated
- D. BOE updates are available
- E. NASBA Annual Meeting dates

The NASBA Annual meeting will be held October 25-28, 2015, when Mr. Burkett will be installed as NASBA Chairman. Travel approval for six board members and Ms. Cubitt to attend.

Ms. Cubitt mentioned that an invitation to appear at the Board meeting was e-mailed to College of Charleston Center for Public Trust chapter student organization.

Ms. Cubitt commented that NASBA could help with newsletter, which could be sent out electronically after clearance by our communications coordinator.

Mr. Burkett developed an Ethics course, which Ms. Cubitt has reviewed. It will be on Nov. 12, 2015 agenda.

The first three year cycle for Ethics ends Dec. 31, 2015. The next cycle will run January 1, 2016 through December 31, 2018.

On the issue of education, schools are offering two new modes of education. First is accelerated learning, where one or more undergraduate classes are also being counted as graduate courses. Texas BOA has already decided that they consider that a duplicative course and will not accept both for credit. Second, colleges granting credit for life experiences and our statutes/regs state "taught at". Ms. Cubitt questioned if tests are national tests, such as AP and CLEP tests, or if the tests are created by the individual institutions.

- F. Inspection Committee: She and Dwayne Eanes asked that the Board become more active with the committee and develop the guidelines and checklists. Ms. Adkins volunteered for that committee. Ms. Cubitt reported that Dwayne had also overseen the QAR and written the letters generated by the QAR.

14. Old Business

- A. NASBA has prepared a [Nano-learning video](#): some states are adopting nano-learning, but Ms. Cubitt stated her opinion is that we need to determine how to treat nano-learning for reciprocal CPE hours which will require a change to Reg 1-08.
- B. NASBA/AICPA Exposure Draft on Statement on Standards for CPE: Ms. Cubitt's observation is that it doesn't limit number of nano-learning hours, and that early implementation states are not being consistent in the time.
- C. PROC Update: Ms. Cubitt deferred to Ms. Adkins. She and Dwayne went to PROC update in July. We need to adopt a steering committee to adopt the minimum requirements for the PROC. Would like to allow Dwayne a little more time to get caught up with his primary job duties, but then would like to have some general guidelines. Chairman said to consider this high on priority list.

15. New Business

- A. Approval of CPA Exam Grades:

MOTION

Mr. Burkett made a motion to accept the CPA exam grades. After a second by Mr. Nichols the motion carried unanimously.

- B. NASBA Diversity: NASBA has put out a survey about diversity. Mr. Burkett stated that NASBA has struggled with diversity issues. Mr. Burkett spoke that more women are CPAs than previously but other groups are still underrepresented.
Q1: What is the primary source of Board candidates? State society recommendations, people who apply to the governor
Q2: governor has most influence, legislators also have some influence, the state society has some (Board thinks we should send letter from NASBA packet to governor)
- C. Consideration of Firm Name – RSM US International Ms. Adkins recused herself from discussion of McGladrey LLC. The firm wants to change its name from McGladrey LLC to RSM US International. Mr. Burkett moved, Mr. Nichols Seconded. Passed unanimously (with exception of Ms. Adkins).
- D. SC Ethics Regulations: A licensee has raised two questions about Regulation 1-08(a)(2). Of the six required hours, two must be in SC Ethics. The licensee wants to carry forward leftover Ethics CPE, but the Board's stance is that Ethics does not carry over; CPE is to promote your professional competency. The three year period is to maintain current CPE in Ethics and does not carry over.

The Board allowed those who took Ethics prior to approval of the law, Jan. 1, 2013, an exception for those in that one period.

MOTION

Mr. Burkett made a motion that ethics hours must be taken within the three year period and they do not carry over. Ms Adkins seconded the motion which carried unanimously.

The second matter is that at least two of the hours must be in SC Ethics, so could licensee take six consecutive hours of SC ethics in one day and meet the requirements? Based on board guidance in the past, Ms. Cubitt responded no since it would be duplicative. She explained to the licensee that you could not repeat the state rules and regulations course, but the combination applied to the remaining four hours. There are approximately 10 courses approved and each one has gone through the statutes and regulations and are basically the same. The licensee makes a point that those that took ethics courses prior to January 1, 2013 were duplicative but the Board's opinion was that they could not be since there had not yet been any SC Ethics course written or approved. The courses prior to January 1, 2013 were general ethics. Excess ethics that are not duplicative can be used towards 40 hours of CPE.

MOTION

Mr. Burkett made a motion that the ethics requirement be ONLY two hours of SC ethics and remaining four general ethics. Mr. Bell seconded, the motion carried unanimously.

F. NASBA Focus Questions

FQ1: Does your code presently differ from AICPAs: If they've released the work product to the client, and the client wants a copy, they have to provide a copy even if they haven't been paid.

FQ2: If you have a board is active participants, do you have state action immunity? Since we are not stand alone, counsel is employed by LLR, not by individual boards, the board has the ultimate decision making authority. Mary counseled board not to go outside the board's scope of authority, to follow the statutes and regulations, so even though board could be sued, they would have no liability.

FQ3: How quickly does board become aware of deficiencies in peer review? Currently establishing PROC, not currently monitoring remediation done through Society, but there is a provision in our law that they are to notify us within 30 days of remediation.

FQ4: What is happening in your jurisdiction that is important for NASBA and other jurisdictions to know? Our board members are being selected by congressional districts and getting new board members.

FQ5: How can NASBA be of assistance to your board at this time? Newsletter.

Congressional Districts: Ms. Adkins is in District #1, but moving to District #6, Mr. Burkett District is in #2, Chairman Crocker is in #4, and Ms. Greenlee is in #7. We need representation for Districts #1, 3, and 5.

Chairman Crocker got a call from Winthrop to participate in a conference call to talk about curriculum. He asked if is allowed he do that. Ms. Cubitt responded in the affirmative, as long as there is not a quorum and they are not making Board decisions. Ms. Cubitt and Mr. Burkett also on the conference call.

MOTION

Mr. Burkett moved to remove the Oct. 19, 2016 meeting from the schedule. Mr. Nichols seconded the motion which carried unanimously.

Ms. Cubitt asked board members to encourage within their respective firm's attendance at the oath ceremonies for the new CPAs.

MOTION

Mr. Bell made a motion to adjourn. After a second by Ms. Greenlee the motion carried unanimously.

16. Public Comment (No Votes May Be Taken)

17. Adjournment

The August 27, 2015 meeting was adjourned at 1:50 p.m.

Note: Board members are requested to call the board office if you are not planning to attend the meeting.

BOARD POLICY

Requests to appear before the Board, together with all related documentation, must be in writing and be submitted at least ten (10) business days before the meeting. Written requests are to be sent to SC Board of Accountancy, PO Box 11329, Columbia, SC 29211.

ACCOUNTANCY 2015	
November 12, Thursday (Board Meeting)	Room 108
ACCOUNTANCY 2016	
January 26, Tuesday (Board Meeting)	Room 108
April 28, Thursday (Board Meeting)	Room 108
June 23, Thursday (Board Meeting)	Room 108
August 25, Thursday (Board Meeting)	Room 108
October 19, Wednesday (Board Meeting)	Room 108
November 10, Thursday (Board Meeting)	Room 108
December 8, Thursday (Board Meeting)	Room 108