

MINUTES

SC Department of Labor, Licensing, & Regulation
Board of Accountancy

Board Meeting

Tuesday, April 24, 2018, through Wednesday April 25, 2018

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

Ellen Adkins, CPA, Chair, was present and called the meeting of the South Carolina Board of Accountancy to order on April 24, 2018, at 10:15am, with a quorum present. Other Board members present were: Todd Dailey, CPA, Vice Chair, Gale Bell, Accounting Practitioner, Charles Alvis, CPA, Mark Crocker, CPA, Brian Johnson, CPA, Bob Wood, Public Member, and Ron Hollins, Public Member. LLR staff members participating in the meeting included: Doris Cubitt, CPA, Administrator, Susanna Sharpe, CPA, Assistant Administrator, Chelsea Buchanan, Program Coordinator, Johnnie Rose, Program Assistant, Mary League, Advice Counsel, Courtney Crosby, Investigator, Sharon Wolfe, Office of Investigations and Enforcement, and Donnell Jennings and Prentiss Shealey, Prosecuting Attorneys with the Office of Disciplinary Counsel.

2. Consideration of Excuses for Absences of Board Members

Motion

Ron Hollins made a motion to excuse Tanya Greenlee, CPA, and David Nichols, Accounting Practitioner. Charles Alvis seconded the motion, which carried unanimously.

3. Adoption of Agenda

Motion

Gale Bell made a motion to approve the agenda. Ron Hollins seconded the motion, which carried unanimously.

4. Approval of December 14th 2017 Meeting Minutes

Motion

Gale Bell made a motion to approve the minutes of the December 14, 2017 meeting as presented. Charles Alvis seconded the motion, which carried unanimously.

Approval of February 15th 2018 Special Called Meeting Minutes

Motion

Gale Bell made a motion to approve the minutes of the February 2nd, 2018 special called meeting as presented. Charles Alvis seconded the motion, which carried unanimously.

5. Office of Investigation Report

Sharon Wolfe briefed the Board on the OIE report. She reported that 10 new complaints have been received in 2018. There are 15 cases currently active, and 6 have been closed.

Motion

Ron Hollins made a motion to accept the April IRC report. Gale Bell seconded the motion, which carried unanimously.

6. Office of Disciplinary Counsel Report

Donnell Jennings presented a report for information. There are currently 19 open cases, with 2 cases being heard today.

7. Consideration of Consent Agreements

A. Case No. 2016-26

Motion

Ron Hollins made a motion to accept the consent agreement. Mark Crocker seconded the motion, which carried unanimously. Michael Putich did not participate in the vote as he had not yet joined the meeting.

B. Case No. 2015-6

Motion

Charles Alvis made a motion to accept the consent agreement. Ron Hollins seconded the motion, which carried unanimously. Michael Putich did not participate in the vote as he had not yet joined the meeting.

8. Disciplinary Hearing

Case No. 2013-27

Motion

Charles Alvis made a motion to go into executive session for legal advice. Gale Bell seconded the motion, which carried unanimously.

Motion

Ron Hollins made a motion to come out of executive session. Gale Bell seconded the motion, which carried unanimously. It is noted that no official actions were taken by the Board during executive session.

Motion

Bob Wood made a motion that the licensee's CPA license be permanently revoked, a public reprimand be issued, and that he be assessed a fine of \$90,195. It was determined that the cost of investigation was \$195.00. Charles Alvis seconded the motion, which carried unanimously.

With applications hearings scheduled to begin at 1:00p.m., agenda items 11 and 12 were discussed.

9. Chair's Remarks

Board Chair Ellen Adkins thanked everyone for their attendance and mentioned her excitement at the low number of licensees and firms who lapsed during the 2018 renewal.

10. Administrator's Report

A. Financial Report

Doris Cubitt presented the financial report for information. She noted that the current balance is around the amount that the Board prefers to maintain.

B. License and Renewal Update

Mrs. Cubitt presented the number of active licensees and firms. She also mentioned that there were a total of 63 individuals and firms who lapsed following the close of 2018 renewals.

C. SC Ethics Forms

Susanna Sharpe thanked board members for filing their Statement of Economic Interest forms before the deadline.

D. Attest Requirements to do Attest Work

Mrs. Cubitt informed the Board that one of the topics that came up during the March 2018 NASBA conference was some states revisiting the idea of requiring attest experience in order to be licensed due to concerns about new licensees' competence to provide such services without relevant experience. Some states have already begun implementing it while others are still considering it.

E. Oath Ceremony

Mrs. Cubitt informed the Board that due to changes in the schedule of SCACPA events, the Spring 2018 Oath Ceremony will be held during a break in the June Board meeting. Since the SCACPA event during which the Oath Ceremony is usually held will now take place in locations around the state, the Board can decide the future of the Ceremony.

F. SCACPA Bill

Mrs. Cubitt mentioned the bill that SCACPA had submitted to the legislature. SCACPA CEO Chris Jenkins was present and provided an update. Due to other matters on the legislative agenda, it is expected that the bill will not make it through during this session and that there is still time to modify it before the next session.

G. Texas Research Course Requirement

Mrs. Cubitt explained that Texas requires 2 semester hours of accounting or tax research analysis for licensure. The accepted research courses are reviewed and approved by the state Board. Charles Alvis mentioned that a South Carolina school can also submit one of their courses for approval to meet the Texas requirement.

H. Board History of Interpretation of Law

Susanna Sharpe referred the Board to a document that has been compiled through the history of the Board which contains motions and other decisions the Board has made, organized by topic. Staff is working on bringing the document up to date and making it available to Board members to use as a reference.

I. NASBA Education Committee and Committee Interest Forms

Mrs. Cubitt mentioned that the deadline for submitting interest forms for NASBA committees is today. She encouraged members to consider serving on a committee, as several already do. The Board members currently on committees added that they find the experience interesting and a good opportunity to stay acquainted with current issues in the profession.

J. NASBA Conference Response

Mrs. Cubitt mentioned some of the issues raised as a response to the March 2018 meeting. The idea of alternate pathways was of particular concern, with states curious as to the need or demand for these pathways. Other areas of concern were peer review and the confusion over the evolution of the AICPA.

K. NASBA Videos

Mrs. Cubitt told the Board about an opportunity to provide instructional videos on the Board's website. NASBA will create the videos using content provided by the Board and Board staff. Topics that have been considered for videos are transcript evaluation, licensing requirements, and reciprocity requirements.

11. Application Hearings

A. Consideration of Austin Deese's CPA License Application

Austin Deese is applying for an original SC CPA license. He has criminal history which cannot be approved at staff level and must be heard by the Board.

Motion

Charles Alvis made a motion to go into executive session for legal advice. Ron Hollins seconded the motion, which carried unanimously.

Motion

Charles Alvis made a motion to come out of executive session. Gale Bell seconded the motion, which carried unanimously. It is noted that no official actions were taken by the Board during executive session.

Motion

Charles Alvis made a motion to approve Austin Deese's application for licensure as a SC CPA. Brian Johnson seconded the motion, which carried unanimously.

B. Consideration of Ethan Rivers LLC Firm Registration

Ethan Rivers LLC is applying for in-state firm registration however staff did not feel it could be approved at their level because it did not appear to meet traditional naming conventions.

Motion

Michael Putich made a motion to go into executive session for legal advice. Charles Alvis seconded the motion, which carried unanimously.

Motion

Charles Alvis made a motion to come out of executive session. Brian Johnson seconded the motion, which carried unanimously. It is noted that no official actions were taken by the Board during executive session.

Motion

Charles Alvis made a motion to approve Ethan Rivers LLC for firm registration. Michael Putich seconded the motion, which carried unanimously. Mark Crocker recused himself from the matter, leaving the room during discussion, and did not participate in the vote.

C. Consideration of Sherri M Prince's Firm Registration

Sherri Prince is applying for in state firm registration. She has been operating as a firm since 2014.

Motion

Todd Dailey made a motion to go into executive session for legal advice. Mark Crocker seconded the motion, which carried unanimously.

Motion

Charles Alvis made a motion to come out of executive session. Ron Hollins seconded the motion, which carried unanimously. It is noted that no official actions were taken by the Board during executive session.

Motion

Bob Wood made a motion to approve the application for Sherri Prince's firm registration pending payment of \$400 fine and \$200 in back registration fees and complete an approved SC ethics course by June 1, 2018. Ron Hollins approved the motion, which carried unanimously.

D. Consideration of Gina Noble's Firm Registration

Gina Noble is applying for in state firm registration. She has been licensed since 1991 and operating as a firm since 2008.

E. Consideration of Barton Financial Services Firm Registration

Barton Financial Services LLC has been open since 2016 and is now applying for in state firm registration.

Motion

Michael Putich made a motion to go into executive session for legal advice. Gale Bell seconded the motion, which carried unanimously.

Motion

Charles Alvis made a motion to come out of executive session. Brian Johnson seconded the motion, which carried unanimously. It is noted that no official actions were taken by the Board during executive session.

Motions

Item 11(D)-Todd Dailey made a motion to approve the application for firm registration of Gina Noble pending payment of \$400 within 30 days of the date of the order. Bob Wood seconded the motion, which carried unanimously.

Item 11(E)- Ron Hollins made a motion to approve the application for firm registration of Barton Financial Services LLC, pending payment of \$100 within 30 days of the date of the order. Gale Bell seconded the motion, which carried unanimously.

F. Consideration of Lisa L McDonald Firm Registration

Lisa L. McDonald is applying for in state firm registration. Ms. McDonald has been operating as a firm since 2006.

G. Consideration of Paula King Firm Registration

Paula King is applying for in state firm registration. Ms. King has been operating as a firm since 2016.

Motion

Gale Bell made a motion to go into executive session for legal advice. Charles Alvis seconded the motion, which carried unanimously.

Motion

Charles Alvis made a motion to come out of executive session. Gale Bell seconded the motion, which carried unanimously. It is noted that no official actions were taken by the Board during executive session.

Motions

Item 11(F)-Bob Wood made a motion to approve the firm registration of Lisa L McDonald pending payment of \$975 within 30 days of the date of the order. Gale Bell seconded the motion, which carried unanimously.

Item 11(G)-Todd Dailey made a motion to approve the application for firm registration of Paula King pending payment of \$100 of back registration

fees within 30 days of the date of the order. Charles Alvis seconded the motion, which carried unanimously.

Agenda item 14(A) was voted on at this time.

12. Approval of 1st Quarter 2018 CPA Exam Scores

Motion

Ron Hollins made a motion that the 1st quarter 2018 exam scores be approved. Brian Johnson seconded the motion, which carried unanimously.

H. Consideration of Lola Hart Firm Registration

Lola Hart is applying for in state firm registration. Ms. Hart has been operating as a firm since 2016.

Motion

Brian Johnson made a motion to approve the application for Lola Hart's firm registration pending payment of \$100 within 30 days of the date of the order. Bob Wood seconded the motion, which carried unanimously.

I. Consideration of PNH Consulting LLC Firm Registration

PNH Consulting LLC is applying for in state firm registration. The owner of the firm has been operating as the firm since June 2017.

Motion

Gale Bell made a motion to approve the application for PNH Consulting LLC's firm registration pending payment of \$50 within 30 days of the date of the order. Bob Wood seconded the motion, which carried unanimously.

J. Consideration of Tracie Carpin Firm Registration

Tracie Carpin is applying for in state firm registration after speaking to staff, who advised her to apply due to information on her 2018 individual renewal application.

K. Consideration of KC Tax and Accounting Firm Registration

KC Tax and Accounting is applying for firm registration. The owner, Mr. Ihetu, has been operating as the firm since approximately June 2016.

L. Consideration of Tracey Hunt Firm Registration

Tracey Hunt is applying for in state firm registration. She was individually licensed in SC in 2015 and has been operating as a firm since 2017.

Motion

Michael Putich made a motion to approve the application for Tracey Hunt's firm registration pending payment of \$50 in back registration within 30 days of the date of the order. Ron Hollins seconded the motion, which carried unanimously.

M. Consideration of Amy B Cross Firm Registration

Amy B. Cross is applying for in state firm registration. Ms. Cross has been operating as a firm since 2009.

Motion

Ron Hollins made a motion to go into executive session for legal advice. Todd Dailey seconded the motion, which carried unanimously.

Motion

Gale Bell made a motion to come out of executive session. Charles Alvis seconded the motion, which carried unanimously. It is noted that no official actions were taken by the Board during executive session.

Motions

Item 11(J)- Brian Johnson made a motion that there was no need for Tracie Carpin to register as a firm and her registration fee should be refunded. Gale Bell seconded the motion, which carried unanimously.

Item 11(K)-Michael Putich made a motion to defer the matter of KC Tax and Accounting until either the applicant can be present for a hearing or staff can gather further information regarding the date the firm opened and the services that will be provided. Ron Hollins seconded the motion, which carried unanimously.

Item 11(M)- Brian Johnson made a motion to approve the firm registration of Amy B. Cross pending payment of \$1215 within 30 days of the date of the order. Gale Bell seconded the motion, which carried unanimously.

Motion

Charles Alvis made a motion to adjourn the April 24, 2018 meeting at 5:38p.m. and return the next day, April 25, 2018 at 9:00a.m. Gale Bell seconded the motion, which carried unanimously.

Reconvened on April 25, 2018 at 9:00a.m.

Motion

Charles Alvis made a motion to excuse Tanya Greenlee, CPA, David Nichols, Accounting Practitioner, and Ron Hollins, Public Member. Todd Dailey seconded the motion, which carried unanimously.

13. New Business
B. Newsletter

Susanna Sharpe presented a rough draft of the second quarter newsletter. She mentioned that one of the articles she hoped to include was an article

about choosing a school wisely in order to ensure that credit earned there is accepted when it comes time to apply for the exam or licensure.

C. Peer Review

The Board discussed the mixed reactions they have heard about the peer review program since it was outsourced to the Illinois society. Some concerns they have heard include the cost and response time while others have expressed enthusiasm for the thoroughness of the results.

D. SC State Specific Ethics Courses

The Board discussed an idea mentioned at a previous meeting that it may be possible to have NASBA create SC specific course content that vendors could then purchase to provide to licensees for annual CPE. They felt that this would not only take the burden off of Board staff in reviewing each individual sponsor's content, but also standardize the courses being offered so that material will always be up to date and cover the most important aspects. The Board asked that at the June meeting a task force be formed to draft language to add to the regulation in order to accommodate such a change.

- 1. Beacon Hill Financial Educators Inc**

- 2. Illumeo Inc.**

Motion

Charles Alvis made a motion to approve the two courses pending review and approval by the Board Administrator. Michael Putich seconded the motion, which carried unanimously.

E. Center for Public Trust Course for Discipline

Mrs. Cubitt mentioned that she would be consulting with the NASBA Center for the Public Trust to create a SC specific course that could be used as a tool in reprimanding licensees.

F. SC Ethics CPE Exemption

The Board discussed the current provision that allows new original licensees to be exempt from the ethics cycle in which they are licensed. They worried that this may put the new licensees at a disadvantage, especially those who license at the beginning of a cycle and thus could be exempt from taking ethics for 3 years. It was discussed whether the SC specific course should be a requirement for licensure. The Board felt this was a good idea and wondered if the course they would like for NASBA to design for discipline could be modified to incorporate the currently required AICPA Comprehensive Ethics course material since the statute only allows for a single course to be required for licensure. Mrs. Cubitt stated that this is something she can discuss with NASBA.

The Board also debated whether non-CPA owners of firms should also be required to complete ethics hours and if so, would they be required to take

the same SC specific courses as their licensed counterparts. Members felt that since non-licensed owners are required to complete CPE every year, this should also include ethics, including the SC specific course. Such a requirement would take a statute change, which Mrs. Cubitt agreed to talk to SCACPA about including in their bill.

G. CPE Extension Requests

It was determined that while the Board does not have the authority to grant CPE extension, they could approve a renewal application with conditions.

Motion

Charles Alvis made a motion to go into closed session due to the nature of the next two items. Brian Johnson seconded the motion, which carried unanimously.

1. Goldberg

Motion

Michael Putich made a motion to approve Mrs. Goldberg's 2018 renewal without conditions. Gale Bell seconded the motion, which carried unanimously.

2. Smith

Motion

Michael Putich made a motion to approve Mr. Smith's 2018 renewal on the condition that he complete his 2018 CPE, with the option to appeal for conditional renewal for 2019 should he need to do so. Gale Bell seconded the motion, which carried unanimously.

Motion

Charles Alvis made a motion to come out of closed session. Brian Johnson seconded the motion, which carried unanimously.

The Board then discussed whether the Administrator should have the authority to grant certain conditional renewals in cases of clear hardship.

Motion

Gale Bell made a motion to authorize the Board Administrator to grant conditional renewals in circumstances where the conditions are met within four months of the renewal. Charles Alvis seconded the motion, which carried unanimously.

H. Firm Reinstatement

Motion

Todd Dailey made a motion to approve the presented consent agreement for use in reinstating firms whose registration lapses and to authorize the Board Chair to sign the agreements that are returned. Gale Bell seconded the motion, which carried unanimously.

I. Approval for June, Oct Travel and Travel Budget

Motion

Charles Alvis made a motion to approve the travel budget as proposed. Brian Johnson seconded the motion, which carried unanimously.

J. Alternate Pathways to CPA

The Board discussed alternate pathways to CPA in greater detail than yesterday's discussion. The focus was on data analytics and the growing trend of firms looking for employees with that area of expertise. The Board echoed the concerns Mrs. Cubitt said other states have expressed, such as mobility and reciprocity issues, the education changes that may happen as a result, and the confusion to the public about the competence an individual who earned their credential through an alternate pathway may have to offer certain services. Board members wondered why there could not be a separate credential for these individuals that would leave the title CPA intact. They recognized the need for this specialization and acknowledged that it would be a swiftly moving trend, with some members pointing out that in bigger firms, employing those with such knowledge is almost an expectation and is already happening.

K. AICPA Reorganization Task Force

The Board discussed the task force formed by NASBA to examine the recent changes in the AICPA. Mrs. Cubitt informed them that January 2018 marks the end of one year of the joint organization of the American Institute of CPA's and the Association of International CPA's.

L. Use of CPA Title in a Non-Registered Firm

Due to the question having been raised by recent calls, Mrs. Cubitt introduced the topic of whether CPA's can work in a non-CPA firm. One recent example she gave is a SC CPA who may want to work for Turbo Tax as part of the company's program offering access to a CPA who can review your return. The Board expressed concerns about what type of employee such a person would be, whether that person would be working for the public or Turbo Tax itself, and exactly what role that person has with each return. They concluded staff should collect more information so that they can revisit the issue.

M. New UAA-Retired Status, CPE Standards, and Firm Names

Mrs. Cubitt introduced the new updated UAA, pointing out three areas that have changed. The first is the section regarding retired and inactive status. Mrs. Cubitt explained that the Board at one time did adopt an inactive status but after sending out a questionnaire to those who had taken the status, it was found that a significant portion did not actually qualify and the Emeritus status was implemented. The Board expressed concerns about this status, as it requires a licensee to take the CPA exam again and meet current education requirements in order to get the license back, which they worry may be overly burdensome. The Board asked that

the Legislative task force discuss the issue at their next meeting to come up with a better solution.

The next issue that the Board discussed is changing CPE standards such as independent study, blended learning, and nano-learning. Board members expressed concerns that independent study and blended learning may be too open to lower quality of learning and would be an administrative burden when reviewing reports. After discussing that many of their employees and coworkers have reported benefits from using nano-learning methods, the Board felt it may be open to accepting a limited number of hours earned through this method.

The last UAA change Mrs. Cubitt mentioned, requesting guidance on the issue, is the question of acceptable firm names. In the past, she informed them, the Board policy has been that a firm can keep the name of a partner who completely retires from the practice of accounting or passes away following retirement or while still an active partner in the firm. The Board referred to the statute as written and wondered if changes should be made to make it more clearly written. It was determined that the Regulatory Committee should discuss the matter and make recommendations to the Board.

N. Quick Poll Summary

Susanna Sharpe presented the results of some quick polls that were sent to other state Boards. Topics polled included retention policies, Oath Ceremony process, and state-specific ethics courses. Many of the states polled shared similar answers on the three topics.

O. Inspection Guidelines

The Board asked that the Inspection committee come up with recommended guidelines and present them at an upcoming meeting.

A second report from Item 6B was voted on at this time.

Item 6.B. IRC Report

Motion

Gale Bell made a motion to approve the January IRC report as presented. Charles Alvis seconded the motion, which carried unanimously.

14. Public Comment

No Public Comments

15. Adjournment

Motion

With no further business to be discussed at this time, Charles Alvis made a motion to adjourn the meeting. Todd Dailey seconded the motion, which carried unanimously.

The April 25, 2018 meeting of the SC Board of Accountancy adjourned at 3:22pm.

Respectfully submitted,
Doris E Cubitt, CPA
Administrator