

**MINUTES**  
SC Department of Labor, Licensing & Regulation  
Board of Accountancy  
**Board Meeting**  
Thursday, November 13, 2014  
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**

Mark Crocker, CPA, Board Chair, was present and called the meeting of the South Carolina Board of Accountancy to order on November 13, 2014, at 9:30 a.m., with a quorum present. Other Board members present were: Tanya Greenlee, CPA, Vice Chair, Gary Forte, Secretary, Ellen K. Adkins, CPA, Donald H Burkett, CPA, David Nichols, Accounting Practitioner, and Gale Bell, Accounting Practitioner.

**MOTION**

Mr Forte made a motion that the Board excuse Mr Walter Kannaday, CPA and Christi Cox, Esq. from the Board meeting. Mr Burkett seconded the motion which carried unanimously.

LLR staff members participating in the meeting included: Doris Cubitt, Administrator, Michael Teague, Administrative Assistant, Amy Holleman, Administrative Assistant, Mary League, Esq, Advice Counsel, Andrew Rogers, Esq, Office Disciplinary Counsel, Sharon Wolfe, Chief Investigator, and Bridgette Goff, 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 August 21, 2014, Meeting Minutes**

**MOTION**

Mr Burkett made a motion to accept the minutes as written. Mr Bell seconded the motion. Ms Adkins identified an error in the Administrators Report. International Financial Reporting Standards item should read, "will not be tested on the CPA Exam any earlier than January 1, 2016." Mr Nichols also identified an error in Item 11(E) motion. It should read, "Opposed only to the composition of the Board", not to all of the changes proposed. The motion carried unanimously, as corrected.

**4. Introduction of Mary League as new Advice Council**

**5. Office of Investigation & Enforcement**

- A. Ms Wolfe briefed the Board regarding the OIE Case Report (Addendum 1)
- B. Dismissal report from the October Investigative Review Committee Meeting (Addendum 2)

**MOTION**

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

**6. General Counsel Activity**

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

- There are nine outstanding cases including the 3 Consent Agreements being presented today (Addendum 3).

**7. Consideration of Consent Agreement regarding Joseph Avinger (CPA 1121, Case 2013-16)**

Mr Rogers presented Joseph Avinger's Consent Agreement and Agreement to Permanently Surrender CPA license as a result of Mr Avinger's inability to carry out his CPA duties.

**MOTION**

Mr Burkett made a motion to accept both the Consent Agreement and Agreement to Permanently Surrender CPA License (Addendum 4 and 5) as written regarding Mr Avinger. Mr Bell seconded the motion, which carried unanimously.

**8. Consideration of Consent Agreement regarding Russell Sanders (CPA 4254, Case 2014-04)**

Mr Rogers presented Russell Sanders' Consent Agreement as a result of Mr Sanders holding out as a CPA without being properly licensed.

**MOTION**

Mr Burkett made a motion to accept the Consent Agreement as presented (Addendum 6). Mr Forte seconded the motion, which carried unanimously.

**9. Consideration of Consent Agreement regarding Carol M. Libby (CPA 6143, Case 2013-17)**

Mr Rogers presented Carol Libby's Consent Agreement as a result of Ms Libby's admission to Federal charges of embezzlement a significant amount of funds from her non-profit employer in the Low Country.

**MOTION**

Mr Burkett made a motion to accept the Consent Agreement as presented (Addendum 7). Ms Adkins seconded the motion, which carried unanimously.

## 10. Consideration of Licensing Consent Agreements

### A. Yvette Jones (CPA 8986)

Holding out to South Carolina clients without properly obtaining a reciprocal CPA license.

#### **MOTION**

Mr Nichols made a motion to accept Yvette Jones', Consent Agreement (Addendum 8) as written. Mr Forte seconded the motion, which carried unanimously.

### B. Delaney A Curlee (AFI 2401)

Allowed firm registration lapsed, subsequently continued to practice without an active firm registration.

#### **MOTION**

Mr Nichols made a motion to accept Delaney A Curlee's firms Consent Agreement (Addendum 9) as written. Mr Burkett seconded the motion, which carried unanimously.

## 11. Administrator's Report

Ms Cubitt discussed the following items:

- Financial reports are provided (Addendum 10)
- Krystal Pino's letter of thanks
- Exposure draft, Proposed changes to AICPA Standards for Performing & Reporting on Peer Review
- Report on NASBA's Annual Meeting

NASBA helps Boards with all aspects of administering the CPA profession. Some topics they provide assistance with include: newsletters; board staff provides content and they will develop the newsletter; Legislation monitoring - have a team that will come to the state to speak to legislatures regarding the profession; On topic committees - Discuss and identify relevant topics affecting the profession; Exam relevancy - ensuring CPA exam is up-to-date. NASBA is also making changes to the Candidate Gateway database soon to be rolled out for Board use.

Mr Burkett encouraged Board members to become active in different NASBA committees. As a member of several committees over the years he has benefitted and shared with CPAs from across the country. Very insightful to be a part of the national organization. It helps in unifying the different states statutes and regulations.

- Update of records guardianship of 2013 case.  
We contact two companies Iron Mountain and Carolina Records Information Management (CRIM) in order to index and store the client records that were taken over. Iron Mountain was unresponsive to our inquiries, and we decided to follow through with CRIM. The cost over a three to four year period would be between three to four thousand dollars. CRIM also has a contract with state government which will reduce our costs.

#### **MOTION**

Mr Burkett made a motion to authorize a contact with CRIM to index and store the records up to three years. Mr Nichols seconded the motion, which carried unanimously.

## 10 Old Business

### A. Consideration of Firm Inspection Guidelines

Ms Cubitt indicated the committee met, Mr Kannaday and Ms Adkins, and came up with the Guidelines to help the new investigator/inspector. Since the inspector portion of the position is new, they were able to cobble together some guidelines (Addendum 11). Ms Cubitt also said that there should be a pool of expert CPAs to call from as reviewers and or expert witnesses, whether a case requires someone highly knowledgeable in tax, audit, or some other subject as not one person could be expected to know all subject matter areas. Mr Rogers added that an expert witness should be of the caliber that the Board would respect and listen to their opinions.

Ms Adkins reported that she and Mr Kannaday brainstormed and came up with a list of indicators of possible violations. She said they added relevant CPE as an indicator, like someone completing a lot of tax CPE when they mainly work with audit clients; they may want to shift their education priorities. The main thing is to have guidelines that are consistent in how the investigations are approached and would not want to have the perception of improper investigations.

Ms Cubitt added that those people that need to have peer review are getting peer review. So anyone that says their book of business does not require peer review the inspector would check their work during an inspection to see what type of work they are doing, and whether it would require enrollment into a peer review program.

Mr Rogers said if the Board received a complaint about one report the investigation would be centered on that one report; however, if the Board wanted to broaden the investigation they could instruct the investigator to inquire whether the CPA had other similar clients and would conduct spot check those records to see if there were any other red flags that would substantiate a pattern. That could possibly be a way to get a complete picture of the firm. If that is the way the Board would want to go that would be a very good way to use the inspection pallet. The Board may want to use a lottery drawing procedure; to pick X amount of firms within a year. It just depends on how the Board wants to use the tool of inspections. Once the firms hear that the Board has the inspection powers, they would be more proactive in tighten up their practices. Ms Cubitt added that those firms that do not have peer review would be on a must select list. Then the other firms would be identified randomly. Mr Rogers said that if the Board wants a more exhaustive inspection process, firms can be inspected every X years and that would be set up on a more rotational process.

Ms Adkins pointed out that the Quality Audit Review that is done in the spring. If someone is identified as having problems with audits, that would constitute the need for an inspection to see if those same problems do not appear in other audits. Ms Cubitt said that she foresees inspections not so much as punitive but used as an educational tool. Mr Nichols added that the questionnaire approach by asking what type of work a firm is associated

with, would be relevant in identifying issues the Board has seen over the years so we know how to narrow the scope of the inspector.

Mr Crocker suggested obtaining a good self-inspection checklist to help guide the inspector along. It could possibly reduce the inspection to a desk review, possibly needing a full on-site visit if necessary.

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Ms Cubitt said she has received an email from a CPA who does not like the inspection process at all. Especially the confidentiality of tax returns and Circular 230 rules. The Board has the right to issue a subpoena to see the records; however, we are not going out to pull individual returns that firms have done to review. If a specific complaint comes in for substandard work for an individual client, then yes we would. She did assure the individual that the Board of Accountancy would not do anything that would violate federal or state statute. Mr Burkett agreed. If the need arises the Board would follow law to be able to view tax returns if needed.

**B. Consideration of South Carolina Association of CPAs (SCACPA) Proposed Statutory Changes**

Ms Cubitt spoke about the proposed changes (Addendum 12) that SCACPA is proposing when the legislative session starts back. Included are some administration housekeeping items such as changing the renewal date in statute to match actual practice (January 1 to February 1). Adding a provision to require all new applicants to have a FBI background check as part of the licensing application process. Currently a background check is not being conducted unless the applicant is self-disclosing, then we request a statewide check. The proposal is also including the provision of those applicants who are applying for their license three or more years after passing the CPA Exam to complete 120 CPE hours so that they are current with changing regulations. Firm ownership by licensed CPAs will be changing from super majority (sixty-six and two thirds percent) to simple majority (fifty-one percent). The provision of non-CPA owners to complete 40 hours of CPE each calendar year is being added back in. An earlier revision dropped the requirement and was overlooked. When licensees do not renew timely the current statute declares their license revoked. Revoked has harsh discipline connotations so we are requesting the terminology to reflect lapsed instead.

**C. Formal motion regarding recovery of fines**

Ms Cubitt asked the Board to consider formalizing the outcome of the August 21, 2014, board meeting discussion regarding the recovery of fines licensees had not paid. It was discussed that fines below five thousand dollars would be collected with a debt setoff through the Department of Revenue. Any amount over five thousand dollars would be handled through our statute authority Section 40-2-180.

**MOTION**

Mr Burkett made a motion to accept the debt collection as outlined. Mr Nichols seconded the motion, which carried unanimously.

**11. New Business**

**A. Discussion of Investigator/Inspector procedures**

See Item 10(A)

**B. Consideration of Ethics Courses from CPE sponsors**

Ms Cubitt reminded the Board they have approved previous courses pending review by the Administrator. The courses below have already been reviewed, corrections made, with final edits submitted. Item three, Clemson University is asking for retroactive approval to include the course presented on November 12, 2014.

- (1) SmartPros – South Carolina Ethics: Overview of the Laws and Regulations for CPAs
- (2) Western CPE – Real World Ethics for South Carolina CPAs
- (3) Clemson University – Accountancy Laws, Rules, and Regulations for SC CPAs
- (4) Accountants Education Group – South Carolina Ethics

**MOTION**

Mr Burkett made a motion to approve the courses presented except for Clemson University's course. Mr Nichols seconded the motion, which carried unanimously.

**MOTION**

Ms Adkins made a motion to approve Clemson University's course retroactively. Mr Forte seconded the motion, which carried with Mr Burkett recusing as his brother, Ronnie Burkett, is one the instructors for the course.

Ms Cubitt asked the Board whether or not she would have to take a two hour course to fulfill the State specific requirement.

**MOTION**

Mr Burkett made a motion to allow Ms Cubitt the two hour South Carolina specific ethics credit for the 2013 through 2015 cycle based on her review of the submitted courses. Mr Nichols seconded the motion, which carried unanimously

**C. Approval of CPA Exam Grades**

**MOTION**

Mr Burkett made a motion to approve the 2014 3<sup>rd</sup> Quarter CPA Exam grades (Addendum 13). Mr Bell seconded the motion, which carried unanimously.

**G. Consideration of 2015 Board Meeting dates**

**MOTION**

Ms Adkins made a motion to approve the 2015 dates as January 27<sup>th</sup>, June 25<sup>th</sup>, August 27<sup>th</sup>, and November 12<sup>th</sup>. Mr Bell seconded the motion, which carried unanimously.

**MOTION**

Mr Forte made a motion to cancel December 4, 2014. Ms Adkins seconded the motion, which carried unanimously.

**12. Public Comment**  
None

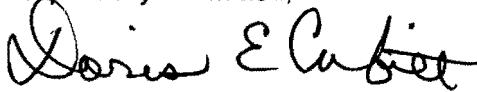
**13. Adjournment**

**MOTION**

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

The November 13, 2014, meeting of the SC Board of Accountancy adjourned at 11:37 a.m.

Respectfully submitted,



Doris E Cubitt, CPA  
Administrator

Approved at the January 27, 2015, Board Meeting.



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Mark S. Crocker, CPA, Chair