

**MINUTES**

SC Department of Labor, Licensing & Regulation  
Board of Accountancy

**Board Meeting**

9 A.M., Tuesday, October 23, 2012  
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. A transcript of this meeting providing more detail will be available on the Board's website: [www.llronline.com/pol/accountancy](http://www.llronline.com/pol/accountancy)**

**1. Call to Order**

Donald H. Burkett, CPA, Board Chair, called the board meeting of the South Carolina Board of Accountancy to order on October 23, 2012, at 9:03 a.m., with a quorum present. Other Board members present were: Mark Crocker, CPA, Vice Chair, Gary Forte, Secretary/Treasurer, David Nichols, Accounting Practitioner, Tanya Greenlee, CPA, Walter Kannaday, III, CPA, and Kristian Cross, Esq.

**MOTION**

Mr Forte made a motion that the Board excuse the following Board Member, Mr Wendell Lunsford from today's Board Meeting. Mr Nichols seconded the motion which carried unanimously.

LLR staff members participating in the meeting included: Doris Cubitt, Administrator, Michael R. Teague, Administrative Assistant, Amy Holleman, Administrative Assistant, Wendi Elrod, Program Assistant, Sara McCartha, Advice Counsel, Andrew Rogers, Assistant General Counsel, Office of General Counsel, and Sharon Wolfe, Chief Investigator, Office of Investigations and Enforcement.

**2. Adoption of Agenda**

**MOTION**

Mr Nichols made a motion to approve the agenda. Mr Forte seconded the motion, which carried unanimously.

**3. Approval of August 23, 2012, Meeting Minutes.**

**MOTION**

Mr Forte made a motion to accept the minutes for August 23, 2012, as written. Mr Nichols seconded the motion, which carried unanimously.

**4. Complaint & Investigative Activity**

Ms Wolfe briefed the Board regarding the case load and IRC Report. (See attached)

**MOTION**

Ms Greenlee made a motion that the Board accept the case load and IRC reports as information. Mr Forte seconded the motion, which carried unanimously.

Ms Wolfe gave a PowerPoint presentation regarding OIE's Investigative Process.

Mr Rogers gave a PowerPoint presentation regarding how OGC processes cases that are forwarded from the IRC.

## 5. General Counsel Activity

Mr Rogers briefed the Board regarding their case load. (See attached)

## 6. Consideration of CPA Exam Applications

Kyrstal A Pino – Requesting to sit as a South Carolina candidate for the CPA Exam: Pled guilty to negotiating worthless instruments and filing bankruptcy

Ms Cubitt mentioned in accordance with Section 40-2-110(A)(2), "Conduct reflecting adversely upon the licensee's fitness to perform services as a licensee", the board needs to determine whether or not they will grant Ms Pino permission to sit as a CPA Exam candidate.

- Applied to sit for CPA Exam back on January 31, 2012, right after the January Board Meeting,
- Staff held her application for the April Board Meeting, in which the Board deferred until June for additional information
- The June meeting was cancelled
- At the August meeting the Board heard the information on hand, Ms Pino was not present, and Board members wanted to ask questions. Her case was again deferred until today's meeting
- She indicated on her application and supplied documentation that in June 2004, she was arrested for issuing worthless checks, pled guilty, and, in April 2005, made full restitution.
- During that time period she went through a divorce; her home was foreclosed on, and she was arrested for the above worthless checks.
- Shortly after sentencing she filed for bankruptcy
- Once she recovered from the debts, she went back to school and earned her accounting degree

Mr Burkett allowed Ms Pino to further explain her situation.

Mr Burkett asked Ms Pino why she chose to sit as a South Carolina candidate for the CPA Exam rather than Alabama where she lives. Ms Pino stated that the semester hour requirement is lower (120 semester hours) than Alabama's requirement (150 semester hours).

### **MOTION**

Mr Crocker made a motion that the Board go into Executive Session for legal advice. Mr Forte seconded the motion, which carried unanimously.

### **MOTION**

Mr Nichols made a motion that the Board come out of Executive Session. Mr Forte seconded the motion, which carried unanimously.

Mr Burkett stated that no votes or actions were taken while in executive session.

**MOTION**

Mr Kannaday made a motion that the Board approve Ms Pino's request to sit as a South Carolina candidate of the CPA Exam. Mr Forte seconded the motion, which carried unanimously.

Mr Crocker stated that the Board and he are very encouraged that Ms Pino has worked through all the adversity, are proud of her, and look forward in having her representing the CPA profession.

**7. Consideration of Consent Agreement**

Roger W. Long, CPA 2854, Substandard Financial Reports.

Mr Burkett asked about the \$4,000 penalty, which is suspended and immediately stayed upon the following condition: whether this type of action has been done in the past. Ms Cubitt said that the penalty is \$2,000 as opposed to the \$4,000. Mr Rogers added he has not had the opportunity to glean a history of actions from the Accountancy Board, so if Mr Long does not meet the stated conditions then the higher penalty of \$4,000 would kick in, and he would be subjected to administrative suspension of his license.

Mr Crocker asked who determined that the financial reports were substandard. Ms Cubitt said they were reviewed by Jim Holloway, our consultant.

**MOTION**

Mr Nichols made a motion that the Board to accept the Consent Agreement as written. Mr Forte seconded the motion, which carried unanimously.

**8. Administrator's Report**

Ms Cubitt discussed the following items:

- NASBA's Annual Meeting, October 28 – 31
- Insurance Reserve Fund handouts provided in Secure Website, Audio portion of Tort actions is also included
- LLR has hired someone else to take over the Cosmetology, Barber and Massage Boards, as time progresses she will be less involved.
- License plates, please let Michael know if you want to renew your current plate, or turn in your paperwork for an initial plate to him by November 14.
- Information about the annual Economic Interest reports will be coming out the first couple of weeks in January, and these are normally due by April 15. New appointments should have already filed a report with the State Ethics commission as part of the new appointment package and will need to complete another for the annual requirement. Please be mindful of due dates as fines will be assessed by the State Ethics Committee.

- Renewal notices should be in the mail by the end of next week for both individual CPAs and Firms
- The South Carolina Association of CPA's (SCACPA) have been sponsoring a Professional Issues Update throughout the state, Donny Burkett presented one, Amy Holleman presented two; and, Doris presented six
- A Peer Review report will be provided at the board meeting on December 6, 2012
- November 1<sup>st</sup> and 2<sup>nd</sup> is the Annual Meeting for SCACPA; the CPA Oath Ceremony will be at 5:30pm on Thursday, November 1, 2012. Mr Burkett added that it would be nice to have a good representation of the Board in attendance for the Oath Ceremony.

## 9. Clarification of Ethics CPE requirement for Out-of-State Licensees

### A. If licensed in jurisdiction of principal place of business, possible exemption

Ms Cubitt stated that in the past South Carolina licensees who have his or her principal place of business outside South Carolina and hold an active license in the jurisdiction; we would allow them to substitute their jurisdictions CPE for ours.

1. Are we going to follow the same pattern in regards to the ethics requirement?

Ms Cubitt said that North Carolina is moving away from requiring state specific requirement. Mr Burkett said that his opinion is if the licensee's jurisdiction has an ethics course, then they would not need to meet our requirement. Ms Cross added in the legal profession, lawyers are required to fulfill the specific requirements in each state. Mr Crocker stated that this would create another administrative task to figure out who does and who does not need to complete ethics for a small amount of people. Ms Cubitt said that there a quite a few CPAs that did not give up their licenses when Mobility was enacted. Ms Reva Brennan (SCACPA) added that licensees could use live webinars to help fulfill the ethics requirement. Ms Greenlee asked Ms Cubitt if she knows all the jurisdictions that have ethics requirements and will this create an administrative burden? Ms Cubitt responded by stating the application would have a question as to whether the jurisdiction has an ethics requirement this would place the burden on the licensee rather than staff. Mr Nichols asked if it would matter if the jurisdiction would have a requirement more or less stringent than ours, or would just by having the requirement would that be enough? Mr Burkett responded that as long as the licensee meets the jurisdictions requirement then we would accept our requirement as being met.

2. If the jurisdiction has an ethics requirement then by the previous statement the licensee would only be meeting their jurisdictions ethics requirements and not meet ours. If the jurisdiction does not have an ethics requirement then do you want them to meet ours?

### **MOTION**

Ms Greenlee made a motion that the Board require out-of-state CPAs to either complete their jurisdictions ethics requirement or complete the South Carolina's

requirement if the jurisdiction does not have an ethics requirement. Mr Forte seconded the motion, which carried unanimously.

3. If we are going to mandate our ethics requirement for those licensees, then will we relax the QAS requirement for self-study or only allow them to submit live CPE?

Ms Cubitt said regarding the issue of self-study courses being exempt from QAS; until a course is presented to the Board by a provider that would be the time to make a decision.

**B. Consideration of adopting Statement on Standards for CPE, January 2012.**

CPE credit computation based on using a word count formula rather than pilot testing.

Ms Cubitt said she had received further information regarding the word count method in assessing credit for self-study courses. Upon receipt it was determined that the word count method gave the same result as the pilot testing if not better. Since the pilot testing is based on a small sampling with an average time derived from the results which could have variations.

Mr Burkett mentioned the AICPA and NASBA have both signed off on this method or it would not be in the Standards. Ms Cubitt reminded the Board that they had already adopted the Standards at an earlier board meeting and did not exclude the word count method at the time.

**10. Approval of CPA Exam grades**

**MOTION**

Ms Greenlee made a motion to approve the 2012 3<sup>rd</sup> Quarter CPA Exam grades. Mr Crocker seconded the motion, which carried unanimously.

Ms Cubitt said that South Carolina tied for 5<sup>th</sup> for the highest passing rate for the 3<sup>rd</sup> Quarter.

**11. Consideration of revisions to Interpretation 101-3, Non-Attest Services**

The Board has no position

**12. Consideration of revisions to Interpretations and Proposed Deletions of Ethics Rulings**

The Board has no position

**13. Consideration of revisions to Statement on Standards for Accounting and Review Services**

The Board has no position

**14. Consideration of Home State exemption for CPE, as asked by NASBA**

- (1) Can a licensee do this if the principal place of business does not have an ethics requirement?
- (2) Can a licensee do this if you meet your home state's other CPE requirements, but meet the SC ethics requirement?

Earlier addressed

**15. Consideration of South Carolina Association of CPAs ethics course submissions:**

(1) Professional Ethics for South Carolina CPAs

**MOTION**

Ms Greenlee made a motion to approve the Professional Ethics for South Carolina CPAs course as developed by SCACPA. Ms Cross seconded the motion, which carried unanimously.

(2) Professional Conduct for South Carolina CPAs

**MOTION**

Mr Forte made a motion to approve the Professional Ethics for South Carolina CPAs course as presented by SCACPA. Mr Kannaday seconded the motion, which carried unanimously.

Both courses are two CPE credit hours each

**16. Develop Ethics CPE criteria for CPE vendors**

**MOTION**

Ms Greenlee made a motion to approve the suggested CPE material as presented. Mr Nichols seconded the motion, which carried unanimously.

**MOTION**

Ms Greenlee made a motion to only accept self-study courses provided the course meets NASBA's Quality Assurance Services (QAS) standards. Mr Kannaday seconded the motion, which carried unanimously.

**17. Consideration of changes to Title 40, Chapter 2 – Accountancy Statute**

Ms McCartha said that the bill would have to be filed by a professional association or someone outside of LLR, not the Board. The only other comment about the bill was regarding fingerprinting standard. Has the Board found out what the South Carolina Law Enforcement Division requirements are regarding fingerprinting and any further administrative issues having fingerprinting as a means of identification? Ms Cubitt stated that the Board has not had a detailed discussion with SLED. The Board has relied on the candidates to disclose if they have had any convictions. There are a number of Boards that require fingerprints and a national criminal background check. This language was taken from the Nursing practice act; however, it was not discussed how the fingerprints were to be maintained. The CPA Exam requires the candidate to provide a digital fingerprint and photo taken at the time of the exam for security purposes.

Mr Burkett wanted Ms McCartha to explain what was omitted from the originally proposed bill. Ms McCartha mentioned that one was to have the Board Administrator be a CPA and another involved staffing issues. Mr Burkett said that LLR wants to be able to maintain control over staffing issues.

**MOTION**

Mr Crocker made a motion that the Board go into Executive Session for legal advice. Mr Nichols seconded the motion, which carried unanimously.

Mr Burkett stated that no votes or actions were taken while in executive session.

**MOTION**

Mr Nichols made a motion approve the practice changes as presented. Mr Kannaday seconded the motion, which carried unanimously.

**18. Appointment of Character & Fitness Committee member**

Ms Cubitt described the function of the Character & Fitness Committee and the need for a Board member to serve on the committee along with Anne Ross, CPA from JW Hunt and Jay Jashinsky, CPA from the SC Office of Regulatory Staff. They normally meet as needed by email or conference call.

Ms Greenlee volunteered to serve on the committee.

**19. Public Comments**

Mr Gale Bell expressed his gratitude toward the Board for their service.

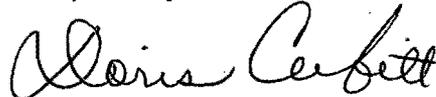
**20. Adjournment**

**MOTION**

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

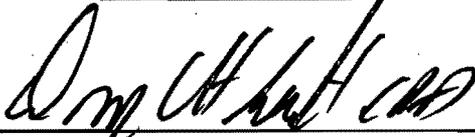
The October 23, 2012, meeting of the SC Board of Accountancy adjourned at 11:00 a.m.

Respectfully submitted,



Doris E Cubitt, CPA  
Administrator

Approved at the December 6, 2012, Board Meeting.



Donald H. Burkett, CPA, Chair