



STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
TENNESSEE BOARD OF ACCOUNTANCY

500 James Robertson Parkway

Davy Crockett Tower

Nashville, TN 37243-1141

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Program Website: <https://www.tn.gov/commerce/section/accountancy>

A meeting of the Tennessee State Board of Accountancy was held on Friday, May 6, 2016 at Davy Crockett Tower, 500 James Robertson Parkway in Conference Room 1-A.

**MEMBERS PRESENT:**

Don Royston, Chair

Casey Stuart, Secretary

Janet Booker-Davis

Stephen Eldridge (via telephone)

Larry Elmore

Gay Moon

Gabe Roberts

Charlene Spiceland

Trey Watkins (via telephone for the first portion of the meeting)

Judy Wetherbee

**STAFF PRESENT**

Brian McCormack, Assistant Commissioner, Regulatory Boards

Wendy Garvin, Acting Director

Don Mills, Investigator

Karen Condon, Board staff

Vanessa Huntsman, Legal staff

**LEGAL COUNSEL**

Benjamin Glover, Assistant General Counsel

**MEMBERS OF THE PUBLIC PRESENT**

Brad Floyd, President, TSCPA

Kara Fitzgerald, CFO, TSCPA

## CONVENE

Chairman Don Royston called the meeting to order.

## ANNOUNCEMENTS

The meeting was properly noticed and agenda posted on the Board's website on April 29, 2016.

The Board thanked Charlene Spiceland for her service to the Board. Dr. Spiceland is relocating and will not seek reappointment to the Board.

Members were asked to speak into the microphones for proper recording of discussion.

Votes are to be held by roll call due to the participation of members by telephone.

The Board welcomed Bill Blaufuss, past Chair, and commended him for his service to the Board.

## EXECUTIVE DIRECTOR POSITION

Recently passed legislation allows a non-CPA to serve as Executive Director. Wendy Garvin has been serving as Acting Director and the Board may now make her position a permanent one. Mr. McCormack spoke on behalf of Ms. Garvin's performance and suitability for the job.

**MOTION** and second to hire Wendy Garvin as the permanent Executive Director at her current salary. Roll call vote was as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	aye	Casey Stuart	aye
Gay Moon	aye	Trey Watkins	aye
Gabe Roberts	aye	Judy Wetherbee	aye

## APPROVAL OF MEETING MINUTES

**MOTION** and second to approve the minutes of the meeting held on February 9, 2016.

Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Gay Moon	aye
Stephen Eldridge	aye	Gabe Roberts	aye
Larry Elmore	aye	Don Royston	aye



Charlene Spiceland	aye	Trey Watkins	aye
Casey Stuart	aye	Judy Wetherbee	aye

### **FORMAL HEARING**

The Board heard the matter of Jerry Tipton for the alleged violation of due professional care in the preparation of a client's tax returns. The Board found that, as a conclusion of law, the findings of facts did not support a violation of any of the provisions set forth in the notice of charges and that therefore the matter should be dismissed with prejudice. The Board further ruled that a Letter of Instruction regarding the standards of due professional care be issued to the Respondent. The Respondent will be instructed to evaluate the firm's current review process and make changes as necessary. The Final Order is included as Attachment A.

### **REVOKED LICENSE REINSTATEMENT**

Tracy Wright's application to reinstate her revoked CPA license was submitted to be reviewed at the January 2016 Board meeting. Ms. Wright did not appear before the Board at that meeting and the Board voted to allow her to appear at the May 6, 2016 meeting. Ms. Wright was advised of the meeting date and time.

Ms. Wright was not present at the meeting, and her presence is a condition of her application for reinstatement.

**MOTION** and second to deny the application for reinstatement. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	abstain	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	aye		

### **EXECUTIVE DIRECTOR'S REPORT**

Ms. Garvin presented the report (Attachment B). Discussion included:

- Engaging Candidates based on exam scores
- Preparing a congratulatory letter for the winners of the Elijah Watts Sells Award
- Background checks for CPA exam applicants

**MOTION** and second to approve the proposed future meeting dates. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	aye	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	aye		

**MOTION** and second to strike the previously-approved July 2017 meeting date, correcting the meeting date to July 14<sup>th</sup>. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	aye	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	aye		

### **EXECUTIVE COMMITTEE—DON ROYSTON, COMMITTEE CHAIR**

Ms. Garvin presented the financial results, variances, and travel information (Attachment C).

### **LICENSING COMMITTEE—CHARLENE SPICELAND, ACTING COMMITTEE CHAIR**

#### **CPA Exam Score Extension Request**

Heather Thompson has requested an extension of the BEC exam score due to the illness and death of a family member. The Board has received additional information regarding the Board's past actions in such cases and the death of Ms. Thompson's father-in-law.

**MOTION** and second to approve an extension through the Q3 testing window of this year. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	aye	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	aye		

### CPA Exam Score Extension Request

Latora Cook has requested an extension of the expiration of the AUD exam due to medical reasons.

**MOTION** and second to approve of an extension through the Q3 testing window of this year. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	aye	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	aye		

### CPA Exam Score Extension Request

Natalie Hill has requested an extension of the expiration of the REG exam due to medical reasons.

**MOTION** and second to approve of an extension through the Q3 testing window of this year. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	nay
Stephen Eldridge	aye	Charlene Spiceland	nay
Larry Elmore	nay	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	nay
Gabe Roberts	aye		

### State-Specific Ethics Course

PASS Online offers a previously-approved state ethics course and has asked for approval of the revised course.

**MOTION** and second to recommend returning the course for corrections. The corrected course may be submitted for consideration of an extension through May 6, 2017. Ms. Garvin may review and approve the application if corrected. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	aye	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	aye		

## **LAW AND RULES COMMITTEE—WENDY GARVIN**

### **Overview of Legislative Changes**

Legislative changes went into effect March 10, 2016 including:

- Removal of the requirement that the Executive Director be a CPA
- Changes to the peer review requirements, which necessitate this Board establishing new Rules
- An applicant may sit for the CPA exam after having earned a Bachelor's Degree

The Committee was asked to help promulgate a rule that would help define a concentration in accounting for those applicants not having a B.A. in accounting. The Committee voted to recommend approving a Rule defining "accounting concentration" as at least 18 hours in upper division accounting hours, not including internships, for the purposes of sitting for the exam.

Two universities have asked that the Board consider allowing up to three internship hours to count toward the 18 hours required.

Discussion included:

- Whether internship hours can be counted as upper-division education
- Whether three hours earned through internship would equal five classes, and which five classes the internship hours would replace
- The minimum amount of classwork needed to properly prepare for the exam
- The internship hours for these programs would benefit only a small number of students
- Schools must adjust to current law
- Whether there is potential harm to the public and/or profession in loosening the requirements for examination and licensure
- Internship hours will still be allowed toward the education requirements for licensure

Mr. Glover submitted a proposal for a new Rule which expands on the Committee's recommendation, reading:

- a) An application to sit for examination may be filed, processed, and approved prior to the completion of a Baccalaureate or higher degree so long as the applicant submits materials with the application that demonstrate that, at the time of the first examination, the applicant will have a Baccalaureate or higher degree with the hours of accounting education required by Paragraph four.
- b) A certificate of enrollment and certified transcript from the educational institution demonstrating that the applicant will have the required degree prior to the first the examination shall be sufficient documentation to demonstrate that the applicant

will have a Baccalaureate or higher degree with the hours of accounting education required by Paragraph four at the time of the first examination provided, however, that the Board or its designee may accept such other reasonable documentation as an applicant may provide properly demonstrating that the applicant will have met the requirements of this paragraph prior to examination.

- c) No credit will be given to an applicant for an examination if that applicant fails to successfully obtain a Baccalaureate or higher degree with the hours of accounting education required by Paragraph four prior to the time the applicant took the examination.

Mr. Glover clarified that the Board does not have the authority to defer authority to Ms. Garvin to approve candidates pending approval of a new Rule.

**MOTION** and second to recommend approving the proposed Rule changes and associated Regulatory Flexibility Analysis. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	aye	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	aye		

## **ENFORCEMENT COMMITTEE—CASEY STUART, COMMITTEE CHAIR**

### **Legal Report**

The Committee recommended approving Legal Counsel's recommendations for each item on the Legal Report (Attachment D), excluding items 15 and 30.

**MOTION** and second to accept the Committee's recommendation. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	aye	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	aye		

**MOTION** and second to approve item 15 amended to recommend Formal hearing for the revocation of the Respondent's CPA Firm permit with authority to settle via Consent Order upon the Respondent's removal of the offering of audit, review, and compilation

services from the Respondent's website or enrollment as a non-attest firm in a peer review program. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	nay	Casey Stuart	nay
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	aye		

**MOTION** and second to approve Legal Counsel's recommendation for item 30. Motion passed by roll call vote as follows:

Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	aye	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	recused		

### **CGMA Designation**

The AICPA now offers the designation CGMA to non-CPAs. This title includes the term Accountant, which is prohibited by statute. The Board recognized the concern and has reviewed the related law.

### **Evolution of Peer Review**

The Board was brought up to date on a recommendation or discussion paper that the AICPA has released regarding their desire to evolve the peer review program from the existing forty-one or so administering entities to 8-10 administering entities. That would likely mean that the TSCPA would no longer administer a peer review program and that Tennessee firms would be administered by another state or the AICPA. This is an ongoing discussion that Board will monitor at the upcoming Regional meeting.

### **Letters of Caution**

Ms. Garvin proposed the issuance of a Letter of Caution for those licensees self-reporting a disciplinary action of something less than a revocation or suspension from another jurisdiction. The complaint for each case would not be assigned to Legal. At each meeting, the Board would be presented with a list of these cases for approval. This would allow the information to be placed in the license file without going through the typical complaint process.

**MOTION** and second to recommend approval of the process of the issuance of a letter of caution for self-reporting CPAs or Firms that have received a reprimand or similar by another state or jurisdiction. This process however should go through legal and be included on the legal report at each meeting. Motion passed by roll call vote as follows:





Janet Booker Davis	aye	Don Royston	aye
Stephen Eldridge	aye	Charlene Spiceland	aye
Larry Elmore	aye	Casey Stuart	aye
Gay Moon	aye	Judy Wetherbee	aye
Gabe Roberts	aye		

### **Opportunity To Submit Law Changes**

Ms. Garvin has been advised that suggested changes to existing legislation may be included in the Department Bill.

Mr. Roberts requested that additional training be provided to the Investigative staff for a fuller understanding of the evidence required to go forward with a formal hearing and that the litigation team focus on vetting the evidence or lack thereof so that the Board has all relevant information. The Board must be assured that civil penalties assessed are valid.

### **Adjourn**

With no further business before the Board, the meeting was adjourned.

  
Don Royston, Chair

  
Casey Stuart, Secretary