



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

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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, October 21, 2016 at Davy Crockett Tower, 500 James Robertson Parkway in Conference Room 1-A.

MEMBERS PRESENT

Don Royston, Chair
Casey Stuart, Vice-Chair
Stephen Eldridge, Secretary
Janet Booker-Davis
Pamela Church
Larry Elmore
Gay Moon
Gabe Roberts
Trey Watkins
Judy Wetherbee

STAFF PRESENT

Wendy Garvin, Director
Don Mills, Investigator
Karen Condon, Board staff
Brenda Demastus, Board staff
Scott Force, Board staff
Vanessa Huntsman, Legal staff

LEGAL COUNSEL

Anthony Glandorf, Chief Counsel
Benjamin Glover, Assistant General Counsel

MEMBERS ABSENT

Due to technical difficulties, Kevin Monroe was unable to participate by phone as scheduled.

CALL TO ORDER

Chairman Don Royston called the meeting to order at 8:32am.

ANNOUNCEMENTS

Mr. Glandorf outlined for the Board the restructuring of the Legal Department as it relates to the Regulatory Board division. The Department has diversified the work flow so that more than one attorney will be familiar with the Board's complaint files.

The meeting was properly noticed on the Board's website on October 14, 2016.



The Board recognized Brenda Demastus upon her retirement after eighteen years of service to the Board of Accountancy.

New staff member Scott Force was introduced and welcomed by the Board.

In reviewing the agenda, Mr. Royston noted that one of the scheduled formal hearings was settled prior to the meeting.

APPROVAL OF MEETING MINUTES

MOTION and second to approve the minutes of the July 2016 meeting as presented. Motion unanimously passed.

APPROVAL OF BOARD COMMITTEES

MOTION and second to approve the 2017 Board Committees. Motion unanimously passed.

EXECUTIVE DIRECTOR'S REPORT

Ms. Garvin presented the report (attachment A).

MOTION and second to approve the proposed meeting date of January 19, 2018. Motion unanimously passed.

LICENSING COMMITTEE—LARRY ELMORE, COMMITTEE CHAIR

Request to recognize CPE from the Chartered Professional Accountants of Canada

MOTION and second to approve CPE credit for the course "In-Depth Tax Course" offered by Chartered Professional Accountants of Canada. Motion unanimously passed.

Request to Approve the SEE Exam for CPE Credit

The Special Enrollment Exam (SEE) is one of the requirements for becoming an Enrolled Agent (EA).

MOTION and second to approve the SEE Exam for CPE credit. Motion unanimously passed.

Review Reinstatement Applications for Edwin Osborne

MOTION and second to move the application for reinstatement of Mr. Osborne's CPA license and Firm Permit forward to the January meeting for review. Motion unanimously



passed. Mr. Royston noted that Mr. Osborne is welcome to appear before the Board but is not required to do so.

PES – Request to approve Revised State Specific Ethics Course

MOTION and second to approve the revised Professional Education Services State Ethics course through December 31, 2017 provided the suggested changes are made. Motion unanimously passed.

TSCPA State Specific Ethics Course

The Board revisited the question of authorizing one or multiple State Ethics courses.

MOTION and second to request Ms. Garvin to notify all currently-approved State ethics sponsors that all courses will expire as of December 31, 2017. The letter should also explain the concerns the board has had with the consistency and quality of courses over the past couple of years and invite comment to be reviewed at the January meeting. Motion unanimously passed.

Ms. Garvin clarified that the letter would notify providers that current approvals will expire on December 31, 2017 and that comments regarding the proposed change would be accepted until December 31, 2016.

LAW AND RULES COMMITTEE—TREY WATKINS, COMMITTEE CHAIR

Draft Peer Review Rules for Discussion

The committee will review the proposed changes and provide feedback to staff. Further discussion will occur at the January meeting.

Nano Learning

Consideration of this matter was tabled pending the release of model rules by AICPA and NASBA to address this delivery method.

Pending Rule Changes

Mr. Glover presented an update on the status of pending Rule Changes.

EXECUTIVE COMMITTEE—DON ROYSTON, COMMITTEE CHAIR

Financial and Travel Information

Ms. Garvin presented details of the following (Attachment B):

- FY16 Closing and FY17 YTD Financial Results
- Travel Information



- FY18 Proposed Budget

MOTION and second to approve proposed budget for FY18. Motion unanimously passed.

Summer 2017 Meeting Date

Ms. Garvin will further research the feasibility of moving the Summer 2017 meeting date to be held off-site in connection with TSCPA's Annual Convention.

Investigator Classification

Ms. Garvin requested a change to the salary grade classification for the Investigator position to more accurately reflect the actual salary of the incumbent in the position.

MOTION and second to approve proposed change in classification. Motion unanimously passed.

California Mobility Project

Ms. Garvin presented an overview of the California Board's mobility legislation, which requires disciplinary actions to be available via the Accountancy Licensing Database (ALD) as part of the guiding principles that establish substantial equivalency of enforcement practices. Ms. Garvin asked the committee for approval to move forward with adding disciplinary actions to the ALD data feed currently in place. The Board expressed its discomfort with the proposal and discussed a change in Statute that would preclude offering mobility to states that do not reciprocate without additional stipulations.

MOTION and second to request Ms. Garvin to pursue, in conjunction with the TSCPA, a change in Mobility law to recognize mobility for CPAs and firms only from those states which extend mobility to Tennessee licensees. Motion unanimously passed.

Evolution of Peer Review

Ms. Garvin presented a draft response to the American Institute of Certified Public Accountants (AICPA) original discussion paper titled "Proposed Evolution of Peer Review Administration" issued on February 22, 2016 and the supplemental paper dated July 18, 2016, seeking input from State Boards of Accountancy on the Proposed Evolution of Peer Review Administration.

MOTION and second to approve proposed response. Motion unanimously passed.

ENFORCEMENT COMMITTEE—GABE ROBERTS, COMMITTEE CHAIR

Legal Report

The Committee reviewed Legal Counsel's recommendations for open complaints (attachment C).

MOTION and second to approve Legal Counsel's recommendations for items 1-3, 5-26, and 29-40 as presented. The motion was unanimously passed.

MOTION and second to approve Legal Counsel's recommendations for item 4 as presented. The motion was unanimously passed with Mr. Watkins recused.

MOTION and second to approve Legal Counsel's recommendations for item 28 as presented. The motion was unanimously passed with Ms. Wetherbee recused.

MOTION and second to reject Respondent's counter-offer of a lower civil penalty amount for item 41. The motion was unanimously passed.

MOTION and second to approve Legal Counsel's recommendations for item 27 as amended. The motion was unanimously passed.

MOTION and second to further amend the recommendation in item 27 to require an audit of 2013-2014 CPE credits. The motion was unanimously passed.

LEGISLATIVE UPDATE


Ms. Garvin reported no new legislative matters pending and confirmed that she will work with the TSCPA on mobility matters.

Formal Hearing


With an Administrative Law Judge presiding, the Board heard testimony in the complaint against the firm Walter Lee Hutcheson, CPA. The firm is alleged to have performed attest services without enrollment in Peer Review. The hearing resulted in the issuance of an Agreed Order.

ADJOURN

With no further business before the Board, the meeting was adjourned at 11:48 am.



Don Royston, Chairman



Stephen Eldridge, Secretary