



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

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Davy Crockett Tower
Nashville, TN 37243-1141
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Program Website: <https://www.tn.gov/commerce/regboards/accountancy.html>

A meeting of the Tennessee State Board of Accountancy was held on Tuesday October 23, 2018 at Davy Crockett Tower, 500 James Robertson Parkway in Conference Room 1-A.

MEMBERS PRESENT

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

LEGAL COUNSEL

Sara Page, Assistant General Counsel
Liz Goldstein, Assistant General Counsel, Regulatory Boards

STAFF

Wendy Garvin, Executive Director
Shari Waugh, Investigator
Karen Condon, Board Staff
Jarrod Stamper, Legal Staff

OTHERS PRESENT

Nicole Carrington, Applicant
Vernola Buchanan, Respondent

CALL TO ORDER 8:30am

Public Disclaimer and Roll-call

Notice of this meeting of the Tennessee State Board of Accountancy was posted to the Accountancy Board's website on October 16, 2018. Members made their presence known by roll call and a quorum was established.

Announcements

- Gabe Roberts has been reappointed by Governor Haslam to serve a three-year term expiring June 30, 2021.
- Members were reminded to speak into the microphones for proper recording of the meeting.

Review and Adopt Agenda

There were no suggested revisions or additions to the agenda.

Motion and second to approve the agenda as presented. Motion passed unanimously.

Approval of Meeting Minutes

July 24, 2018 Regular Meeting

There were no suggested revisions or additions to the minutes.

Motion and second to approve the minutes as presented. Motion passed unanimously.

Director's Report – Wendy Garvin, Executive Director

Director Wendy Garvin thanked the members of the Board for wearing pink in honor of Breast Cancer Awareness month.

Director Garvin presented an overview of Board activities, license statistics, and future meeting dates. Due to a scheduling conflict with the meeting approved for October 22, 2019, Ms. Garvin proposed the alternate date of October 24, 2019. The future meeting date of January 28, 2020 was also proposed.

Motion and second to approve the proposed meeting date of October 24, 2019 and January 28, 2020. Motion passed unanimously.

After complaint metrics were discussed, Mr. Roberts asked Director Garvin to obtain a breakdown of the time spent by the legal team on Accountancy Board business versus other Boards, if possible.

Review and Approval of Committee Assignments – Chairman Stuart

Chairman Stuart thanked members for their willingness to serve on Committees, particularly those serving as Chair. Committee members were proposed as follows:

Executive

- Casey Stuart, Chairman
- Stephen Eldridge, Vice Chair
- Gay Moon, Secretary
- Trey Watkins

Licensing

- Larry Elmore, Chair
- Andy Bonner
- Pam Church
- Stephen Eldridge
- Judy Wetherbee

Law and Rules

- Gay Moon, Chair
- Janet Booker Davis
- Larry Elmore
- Kevin Monroe
- Trey Watkins

Enforcement

- Gabe Roberts, Chair
- Janet Booker Davis
- Pam Church
- Kevin Monroe
- Judy Wetherbee

Motion and second to approve the FY19 Committees as proposed. Motion passed unanimously.

NASBA Activities and Committee Reports

Audit Committee – Larry Elmore

Mr. Elmore reported that the Committee has had a busy season due to the annual meeting in Nashville at the NASBA offices.

Reorganization Impact Task Force (RITF)—Janet Booker-Davis

The Task Force has had no recent meetings and they have completed their charge. Ms. Booker-Davis reported that she has been asked to serve on the Examination Review Board. This Board is charged with reviewing and evaluating policies related to the operation, grading, and administration of the exam.

Ethics Committee – Judy Wetherbee

Ms. Wetherbee had no updates on this committee, and reported that she is moving to the Administration and Finance Committee.

Accountancy Licensee Database (ALD)/CPAverify Committee—Casey Stuart

Mr. Stuart reported a meeting of the Accountancy Licensee Database (ALD) Committee. NASBA is rebuilding the ALD system, which should make it a more useful tool. Mr. Stuart also gave a brief overview of the most recent Board of Directors meeting.

Mr. Stuart declined to resubmit his name for Board consideration and will not serve on the NASBA Board of Directors beyond the current term. Mr. Bonner will begin serving on the Board of Directors in November as the Southeast Regional Director.

Board Committee Reports

Licensing – Larry Elmore, Committee Chair

Consider lower division courses to meet upper division credit – Carrigan

Ms. Carrigan addressed the Committee to detail her reasons for requesting this consideration. She lacks one (1) upper division course to sit for the exam and two (2) additional upper division courses to be eligible for licensure. She is requesting that courses Intermediate Accounting I, Intermediate Accounting II, and Business Taxation, earned at South College, be considered upper division for purposes of meeting the requirements to sit for the exam and obtain licensure in TN. Ms. Carrigan had received confirmation from NASBA in 2016 that she was qualified to sit for the exam. This took place prior to a change in requirements. Ms. Carrigan also submitted a letter from Strayer University, confirming that the courses would transfer to that school as upper-level credits.

The Committee recommended approval of the courses, allowing Ms. Carrigan to sit for the exam, and as a basis for licensure, based on prior NASBA approval. This approval is only related to this particular case. Further, The Committee recommended that the Board contact South College to instruct as to the requirements.

Motion and second to approve the Committee’s recommendations. Motion passed unanimously.

State Specific Ethics Update and Review of Course Outline

Director Garvin presented to the Committee an overview of the state ethics course as developed by TSCPA. The Board was asked to review the outline for the 2019 state-specific ethics course. The 2019 outline

included the following new items to focus on, while still maintaining all other concepts from the 2018 outline.

1. Licensee is responsible for changing license status
2. Field of study guide
3. Delivery methods clarified (nano acceptable)
4. Audit deficiencies, etc.—changes to requirements during renewal
5. When to enroll in peer review
6. How to make peer review results available to board
7. Changes to laws and rules
8. Obligations when a firm is closed (records, etc.)

Mr. Elmore reported that the Committee had discussed developing some guidelines to assist those presenting the course in identifying which slides are required, and which may be considered optional.

Motion and second to approve the outline as presented for the calendar year 2019, while allowing Director Garvin to provide guidance to providers regarding the required content. . Motion passed unanimously.

CPE Compliance

Due to the perceived high non-compliance rate during the 2018 CPE audit, Director Garvin distributed a poll to other jurisdictions to gain information about CPE reporting procedures during license renewal. The poll results were presented to the Board members with a listing of CPE Compliance Recommendations.

Discussion:

- The new NASBA audit tool to be unveiled in 2019, which is expected to be easier to use.
- The possibility of requiring renewing licensees to submit a listing of their CPE courses.
- Processing a renewal application only if all requirements have been met.
- Director Garvin recommended the implementation of the following actions as a result of the poll data and as presented in a document to Board members:
 - To require licensees to enter the number of hours earned at the time of renewal
 - Require list of courses taken during the reporting period, beginning with the 2019 renewal.
 - Continue with 10% audit pool
 - Auto-audit the next cycle if deficient for one audit
 - Assessment of a civil penalty and CPE if deficient, with a higher civil penalty in lieu of CPE if license has been changed to closed or inactive subsequent to audit notification.

Motion and second to authorize Director Garvin to implement these changes. Motion passed unanimously.

Enforcement – Kevin Monroe, Acting Committee Chair



Mr. Monroe noted that common themes on the legal report included failure to obtain peer review, failure to maintain CPE, and holding out as a CPA without a license.

Legal Report

The Consent Agenda, comprised of items 1-18 of the Legal Report, had no assessment of discipline, with a recommendation to close the complaints or issue letters of warning.

Motion and second to approve 1-18 on the Consent Agenda as presented. Motion passed unanimously.

Motion and second to approve Legal's recommended disciplinary actions for items 19-35 as presented.

Motion passed unanimously.

Motion and second to approve Legal's recommendation for item 36 as amended by the Committee to replace the recommendation of license suspension with that of license revocation. Motion passed unanimously.

Law and Rules – Gay Moon, Committee Chair

Update on Pending and Newly Effective Rules

Ms. Goldstein updated the Board about the newly effective rule regarding firm names and the pending rule involving changes to the CPE rules.

Continuous Testing

This proposed change to testing procedure would eliminate the testing windows and allow candidates to retake the exam immediately upon receiving a failing grade.

Texas Rule Change

The committee was made aware of a Texas survey and rule change that will allow Data Analytics courses in the college curriculum to count towards the Accounting requirement.

Executive – Casey Stuart, Committee Chair

FY18 Closing and FY19 YTD Financial Results Financial Results and Travel

Mr. Stuart reported that the Committee had reviewed the fiscal YTD financial and travel information as presented by Ms. Garvin.

FY20 Budget Proposal

Ms. Garvin reviewed details of the proposed budget.

Motion and second to approve the FY20 Budget as presented. Motion passed unanimously.

CPAES Contract Renewal and Sunset Review Updates

Director Garvin reported on the process and procedures regarding the CPA Examination Services contract renewal and upcoming Sunset review. She noted that the last performance audit revealed deficiencies in peer review oversight, mainly due to the lack of Board access to peer review results. The Board followed the recommendation to seek legislative changes which would give the Board access to the peer review results. This was accomplished in 2016. Director Garvin is anticipating a revision to UAA Peer Review rules, and would like to consider changing Tennessee Accountancy Rules to make the formation of a Peer Review Oversight Committee (PROC) more feasible and more effective.

Formal Hearing

With an Administrative Law Judge presiding, the Board heard testimony in case number ACC2017012551. Respondent Vernola Buchanan is alleged to have performed attest services without proper licensure. The Board voted to impose the following terms.

1. Respondent is assessed a total of \$1,000.00 in civil penalties with the option for waiver of the assessed civil penalty if she signs an attestation that she understands the limitations of a non-licensee.
2. Respondent shall be assessed all court fees not to exceed \$500.00, giving the Board's executive director the ability to negotiate a payment plan with Respondent that would not be detrimental to Respondent's financial condition.

Old Business

Mr. Eldridge requested statistics regarding the requirements of other State Boards for 150 hours of education, and the feasibility of changing to 120 hours. Discussion included:

- The need to define the additional 30 hours. What should the education model for the profession look like?
- Concern over taking exam prep courses, paying tuition and obtaining a Master's degree.
- If the Board feels that the additional 30 hours is detrimental to growth of the profession, what are we willing to do about that?
- Should the Board initiate a common letter, in collaboration with other state boards that have similar concerns, to NASBA to affect change?
- The possibility of the diminishment of the profession if no action is taken.
- Whether the ability to pass the CPA exam should be sufficient to prove the applicant's readiness to practice and the need to remove roadblocks to prospective CPA candidates.
- The work of NASBA's CPA Pathway Taskforce, and the creation of a new NASBA group to review feedback from State Boards
- The need for a consensus within the Board to develop a path forward and to remain in alignment with the requirements of other states.



- The need to have this discussion at the NASBA Regional Meeting
- The Department's restriction in limiting the number of Board members to attend any one NASBA meeting. Members felt that a stronger presence at the national and regional meetings would allow the Board to have a fuller understanding of the issues under discussion.

Adjourn

Motion and second to adjourn the meeting at 11:34 am.

Casey M. Stuart

Chair

Sara B. Moon

Secretary