



STATE OF TENNESSEE  
**TENNESSEE STATE BOARD OF ACCOUNTANCY**  
DEPARTMENT OF COMMERCE AND INSURANCE  
500 JAMES ROBERTSON PARKWAY  
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## **Board Meeting Minutes**

**01 May 2009**

The meeting of the Tennessee State Board of Accountancy convened in the Andrew Johnson Tower, Nashville, Tennessee on Friday, May 1, 2009 at 8:30 a.m.

Board members present were: Vic Alexander, Chairman; William Underwood, Secretary; William Blaufuss; Jennifer Brundige; Kenneth Cozart; Shannone Raybon; Don Royston; Lisa Stickel; and Doug Warren.

Board members absent were: Al Creswell and Stan Sawyer.

Also present were: Mark Crocker, Executive Director; Ed Scudder, Staff Attorney; Don Mills, Investigator; and staff members Sandra Cooper, Kathy Riggs and Gail York.

Chairman Alexander called the meeting to order and recognized new board member, Don Royston.

There being no announcements, Mr. Alexander asked the Board members to review the minutes from the meeting of January 23, 2009. A motion was made by Mr. Warren and seconded by Mr. Underwood to approve the minutes. Mr. Blaufuss abstained from voting due to his absence at the meeting. All voting members approved the minutes as presented.

### **Executive Director's Report:**

Mr. Crocker discussed the new five year contract with CPAES and related that there was a slight increase in fees charged to exam candidates. He also presented information about NASBA's Executive Director's Conference which he attended in Jacksonville, Florida. Some of the major issues discussed were enforcement, IFRS (International Financial Reporting Standards), and international delivery of the CPA exam. Mr. Crocker also stated that Florida was the most recent state to pass mobility legislation and that the bill was on the Governor's desk awaiting signature.

Travel authorization has been requested for Mark to attend a meeting of the Executive Directors Committee in Oklahoma City in June. Out of state travel is being restricted at this time due to state budget constraints and only travel deemed necessary is being allowed. He also outlined the upcoming NASBA Regional Conference to be held in Indianapolis in June. Travel authorizations for Mr. Crocker, Mr. Mills, Mr. Alexander and Ms. Stickel have been submitted. He reminded board members that the NASBA annual meeting is scheduled for November 1 – 4 in Phoenix, Arizona. Mark has recommended that Lisa Stickel serve on the UAA (Uniform Accountancy Act) Committee for NASBA.

License status counts were presented

Mr. Crocker discussed the new Edison computer system implemented by the state, and stated that staff would input pay and travel information for Board members.

Potential meeting dates were presented through April of 2011 and it was mentioned that the meeting scheduled in July may require an additional day for formal hearings.

NASBA Focus Questions were presented for board review and Mark stated that if there were no revisions he would submit them as prepared. He further stated that the timing of the Focus Questions was to be an item of discussion at the Executive Directors Committee meeting in June. The timing of the queries makes it difficult for many boards to answer, review and vote on the questions in the required time frame.

Mr. Crocker completed his report by informing the board that the TNSBA website had been updated and invited board members to view it. He then introduced Dr. Kathy Riggs by giving a brief description of her background and stating that she was a much appreciated addition to the staff.

Board members were asked to consider which board committees would be of the most interest to them in the coming year. He asked that they contact him concerning their committee assignments. That concluded the Executive Director's Report (Attachment 1).

### **Communications:**

Ms. Stickel reported on her trip to Las Vegas for a meeting of NASBA's Communications Committee. The mission of the committee is to develop and promote innovative and unique programs and methods for communications by state boards of accountancy and NASBA with other agencies, consumers, the CPA profession and legislative bodies. She went on to discuss the five main topics and possible actions that were addressed at the meeting.

1. Student Outreach
  - a. Hold board meetings on college campuses

- b. Make college students aware of the meetings and that the meetings were taped
  - c. Create public service announcements
  - d. Form strategic partnerships with business fraternities
2. Speakers Pool
  - a. Encourage the Executive Director, Board members and/or staff members to speak at high schools
3. Society Outreach
  - a. Be more active with the TSCPA
4. Licensee Outreach
  - a. Offer one hour of state specific ethics CPE credit to licensees for attending board meetings
5. Mobility Technical Advancement
  - a. Focus on websites at this time

Ms. Stickel stated that she participated in a conference call with the committee in March to follow up on the meeting. That concluded her report.

#### **Licensing Committee Report:**

Mr. Underwood presented the report for the Licensing Committee. An application from Carr, Riggs and Ingram had been received for approval as a CPE sponsor. He stated that the application had been denied because the committee determined that the Board did not have the authority to approve courses. Mr. Underwood asked Mr. Crocker to explain Rule 0020-5-.05 regarding sponsor approval. The rule states that CPE sponsors must be registered on either the NASBA National Registry or the Tennessee Roster unless they were exempt as detailed in the rule. Discussion ensued concerning course approval by NASBA and the Board requested information from NASBA at the next meeting regarding the Register and the Roster. Other sponsor applications were disregarded based on this understanding of the rule. The committee did approve applications for state specific ethics courses for Pass On-Line, and HCA. Columbia Central Power District was approved as an exempt accounting organization. The renewal application from TEI (Tax Executives Institute) was denied.

There was also some discussion regarding the CPE Expo NASBA is hosting in San Antonio in September, and whether or not NASBA actually offered CPE. Ms. Linda Biek, representing NASBA, answered questions from the Board and indicated that a full presentation would clear up any questions. That presentation would occur at the next meeting.

A request for an extension of time to complete the CPA exam was considered. Gary Howard Mitchell will be deployed by the military for an eighteen month tour of duty. His request for an extension was granted, and the committee thanked him for his service.

Pre-Approval for CPE credit to attend an international conference in Switzerland was requested. The Board voted to approve only the technical sessions which deal with international accounting.

An out of state licensee whose Tennessee license had lapsed for failure to renew requested that he/she be allowed to work in Tennessee under mobility. The Board determined that if that licensee returned the wall certificate (as required by law), then the licensee would be allowed to perform work in Tennessee under mobility.

Mr. Underwood reported that since the last meeting we have issued one hundred and forty-three (143) new licenses; eighty-five (85) initial licenses and fifty-eight (58) reciprocal. Six hundred and fifty-five (655) CPE audit notices were mailed on April 1, 2009.

Mr. Royston asked to return to the topic of the NASBA CPE Expo. He asked who was to collect the fees. Ms. Biek explained that although NASBA does not provide CPE that organization does offer the Registry and the Roster and they will collect the fees at the Expo. Everyone on the registry was given an opportunity to participate. Those participating will be responsible for providing the CPE certificates of completion – NASBA will not provide the certificates. The Expo has been designed so the vendors can reach a large group of licensees and licensees can determine which courses and vendors they prefer. Mr. Royston pointed out that if a fee is charged, then CPE is being offered. Mr. Warren pointed out that there is no course that NASBA is offering, and compared it to a firm offering an AICPA course. Since AICPA is a registered provider, then the firm would be an intermediary and would not need to register. When discussion concluded, Mr. Royston made a motion to accept the committee report as presented, Mr. Blaufuss seconded, and the motion passed unanimously.

### **Finance and Administration Committee Report:**

Ms. Stickel presented the report for the Finance and Administration Committee. She stated that revenue and expenses are down since 2008 and the committee did not know how the mobility law would affect the Board revenues through the remainder of 2009. Mark added that in March of 2008 the Board had reached 85% of budgeted revenue, whereas in March of 2009 97% of the revenue budget had been received. He also explained that revenue projections are on target taking into account the fee of \$5.00 per active licensee that is deducted from the revenue line at the end of the fiscal year. Mr. Blaufuss requested projections for the fiscal year at the next meeting. Mr. Alexander reminded the Board that actual numbers for the cost backs had not yet been provided by the Assistant Commissioner.

Ms. Stickel gave a brief summary of responses to the CPE audit to date. Mr. Crocker explained how the audit candidates were selected, and assured the Board that they are selected at random. Mr. Scudder mentioned the rules regarding CPE audit and reinforced the concept that random selection is necessary.

This concluded Ms. Stickel's report. A motion was made by Mr. Cozart to accept the report, Mr. Underwood seconded, and the motion was approved unanimously. (Attachment 2).

### **Executive Committee Report:**

Mr. Alexander stated that the committee had two items on their agenda. The first issue was the need for a Peer Review Committee. Since the Board no longer offers a peer review program, the Executive Committee recommended that the Peer Review Committee should be discontinued and a new Law and Rules Committee be established. This committee would study the current laws and rules and make recommendations for needed changes. The Peer Review Oversight Committee would normally make a report to the Peer Review Committee, but if that committee is disbanded, then the report would be made to the Executive Committee.

The second issue involved the discussion of an international firm name. The accounting firm Virchow Krause and Company wants to affiliate with Baker Tilly an international firm. The committee approved the name change to Baker Tilly Virchow Krause.

This concluded the report from the Executive Committee. A motion was made by Mr. Warren to accept the report, second was made by Ms. Stickel and the motion passed unanimously.

### **Probable Cause Committee Report:**

Mr. Warren presented the report and asked Mr. Scudder to provide additional information. Mr. Mills gave an update on the number and status of the complaints currently open. Mr. Warren reminded the Board that a number of complaints would be opened for failure to pay the Professional Privilege Tax. Mr. Crocker stated that state law allows the Board the right to suspend or revoke the license of a CPA who has not paid the privilege tax for two or more years. The Board was given time to review the recommendations made by Mr. Scudder. Mr. Warren did note that the committee was consistently recommending an additional hour of state specific ethics training if there was a violation of the Board's laws and rules. After review, Mr. Underwood made a motion to accept the report and disciplinary recommendations, seconded by Mr. Blaufuss, and passed with a unanimous vote. (Attachment 3).

### **Old Business:**

Mr. Alexander passed on Mr. Sawyer's apology for not being present at the meeting. He is responsible for reporting on the topic of Independence of the Board. Mr. Alexander

suggested that the topic be tabled during the remainder of the current administration. Independence is not feasible at this time due to budget constraints.

**New Business:**

Mr. Scudder made a very brief presentation to the Board regarding the growth of malpractice suits against CPAs. The Madoff scandal appears to have brought this issue to the forefront. However, it is believed that in the Madoff situation the CPAs were victims as much as the investors. He briefly reviewed the suit brought against the accounting firm of McGladrey and Pullen. He also addressed the statute of limitations in regard to liability of accountants and stated that the statute does not begin until a problem is discovered, not when it took place.

The election of officers for the next year was the last order of business. Nominations for officers were:

Chair: Vic Alexander

Vice Chair: Stan Sawyer

Secretary: Bill Underwood  
Lisa Stickel

After voting, Mr. Crocker announced the results.

Officers for the next year are:

Chair: Vic Alexander

Vice Chair: Stan Sawyer

Secretary: Bill Underwood

There being no further business, Mr. Warren made a motion to adjourn, seconded by Ms. Brundige, passed with a unanimous vote.

Time 10:07 a.m.

Approved by: \_\_\_\_\_

Chairman

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Secretary