



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

500 James Robertson Parkway
Davy Crockett Tower
Nashville, TN 37243-1141
615-741-2550 or 888-453-6150

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

A meeting of the Tennessee State Board of Accountancy was held on Friday, January 20, 2017 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
Kevin Monroe
Gay Moon
Gabe Roberts
Trey Watkins
Judy Wetherbee

LEGAL COUNSEL

Anthony Glandorf, Chief Counsel
Sara Page, Assistant General Counsel
Liz Goldstein, Assistant General Counsel
Matt Reddish, Assistant General Counsel

CALL TO ORDER

Chairman Don Royston called the meeting to order at 8:33am.

Board Members identified themselves by roll call and established a quorum.

ANNOUNCEMENTS

The meeting was properly noticed on the Board's website.

STAFF

Wendy Garvin, Director
Karen Condon, Board staff
Leann Blair, Board staff
Laura Pecunes, Board staff
Vanessa Huntsman, Legal staff

GUESTS

Brad Floyd and Kara Fitzgerald,
TSCPA
Maria Caldwell and Stacy Grooms,
NASBA
Edwin P. Osborne, Applicant



Legal representation at the meeting is provided by Mr. Glandorf and Ms. Page, assisted by Mr. Reddish. Ms. Goldstein was welcomed to the legal staff.

New staff members Leann Blair and Laura Pecunes were introduced and welcomed by the Board.

Board members renewing in 2016 were reminded that each is subject to audit of continuing professional education credits.

Board members were reminded to sign a conflict of interest statement and to speak into the microphone.

MOTION and second to adopt Robert's Rules of Order. Motion unanimously passed.

The agenda was reviewed for additions or changes, and none were noted.

APPROVAL OF MEETING MINUTES

MOTION and second to approve the minutes of the October 2016 meeting, with the correction of a typographical error. Motion unanimously passed.

EXECUTIVE DIRECTOR'S REPORT

Ms. Garvin presented the report (attachment A).

MOTION and second to approve the proposed meeting date of May 4, 2018. Motion unanimously passed.

REINSTATEMENT REQUESTS

The Board reviewed the applications submitted by Edwin Osborne to reinstate his CPA license and firm permit. Mr. Osborne was present to answer questions from the Board.

MOTION and second to approve the reinstatement of Mr. Osborne's CPA license. Motion approved by roll call vote as follows:

Pamela Church	aye	Janet Booker-Davis	aye
Gabe Roberts	abstained	Judy Wetherbee	aye
Trey Watkins	aye	Gay Moon	aye
Stephen Eldridge	aye	Larry Elmore	aye
Casey Stuart	aye	Kevin Monroe	aye
Don Royston	aye		



The Board reviewed the application submitted by Theresa Holder to reinstate her CPA license. Ms. Holder was not present.

MOTION and second to approve the reinstatement of Ms. Holder's CPA license. Motion unanimously passed.

LICENSING COMMITTEE—LARRY ELMORE, COMMITTEE CHAIR

Exam Score Reporting Delays

Due to changes in the Uniform CPA Examination, there will be a delay in the release of scores in the second quarter of 2017. This delay will impact certain candidates who have credits due to expire in the third quarter of 2017. The Board was asked to consider extending the conditional credits of those candidates.

MOTION and second to extend through 12/31/2017 credits for those candidates that sat for the exam in Q2 2017 and have credits expiring in Q3 2017. Motion unanimously passed.

Ms. Garvin will communicate this extension to candidates based on notifications from NASBA.

Request for Approval of Firm Name

The Board reviewed a request from NGP Capital LLC. The Committee had held a lengthy discussion regarding the use of fictitious names and what should be considered misleading.

MOTION and second to approve the firm name. Mr. Roberts asserted that firm name approvals should be delayed until clear standards are established regarding the suitability of firm names, with agreement from Mr. Royston and Mr. Stuart.

The motion passed by roll call vote as follows:

Pamela Church	aye	Janet Booker-Davis	aye
Gabe Roberts	nay	Judy Wetherbee	aye
Trey Watkins	aye	Gay Moon	aye
Stephen Eldridge	aye	Larry Elmore	aye
Casey Stuart	nay	Kevin Monroe	aye
Don Royston	nay		

The Board reviewed a request from Avant Guard Accounting Services, LLC.



MOTION and second to approve the firm name. Mr. Roberts asserted that firm name approvals should be delayed until clear standards are established regarding the suitability of firm names, with agreement from Mr. Royston and Mr. Stuart.

Discussion included

- The difference between misleading and merely unconventional firm names
- The various dictionary definitions of the proposed firm name
- The presence of the word "Accounting" in the name, which makes clear the type of business operated
- Whether the firm contains one or two fictitious names

The motion failed by roll call vote as follows:

Pamela Church	nay	Janet Booker-Davis	nay
Gabe Roberts	nay	Judy Wetherbee	aye
Trey Watkins	nay	Gay Moon	nay
Stephen Eldridge	nay	Larry Elmore	nay
Casey Stuart	nay	Kevin Monroe	aye
Don Royston	nay		

MOTION and second to deny the firm name.

The motion passed by roll call vote as follows:

Pamela Church	aye	Janet Booker-Davis	aye
Gabe Roberts	aye	Judy Wetherbee	nay
Trey Watkins	aye	Gay Moon	aye
Stephen Eldridge	aye	Larry Elmore	aye
Casey Stuart	aye	Kevin Monroe	nay
Don Royston	aye		

LAW AND RULES COMMITTEE—TREY WATKINS, COMMITTEE CHAIR

Peer Review Rule

The Board reviewed the draft of the Peer Review Rule for submission to the Board of peer review results.

MOTION and second to approve the new Rule.

The proposed Rule is as follows and was read into the record by Ms. Page.



0020-06-.07 Peer Review Submissions

(1) Within thirty (30) days after the acceptance of a peer review, Firms shall submit a copy of the results of its most recently accepted peer review to the Board. The required documents include:

- (a) Peer Review Report;
- (b) Firm's letter of response, if applicable;
- (c) Acceptance letter;
- (d) Letter(s) accepting the documents signed by the firm with the understanding that the firm agrees to take additional actions, if applicable; and
- (e) Completion letter, if applicable.

(2) Notwithstanding any provision of this rule to the contrary, for peer reviews commencing on or after January 1, 2018, all peer review documents referenced in Paragraph (1) shall be made available to the Board by the approved peer review program's administering entity through a secured website process within thirty (30) days after the acceptance.

(3) Firms shall satisfy the submission requirement in Paragraph (1) by authorizing the sponsoring organization to provide the Board access to the documents via a secure website process.

The motion passed by roll call vote as follows:

Pamela Church	aye	Janet Booker-Davis	aye
Gabe Roberts	aye	Judy Wetherbee	aye
Trey Watkins	aye	Gay Moon	aye
Stephen Eldridge	aye	Larry Elmore	aye
Casey Stuart	aye	Kevin Monroe	aye
Don Royston	aye		

MOTION and second to approve the Regulatory Flexibility Addendum and the statement regarding the impact on local government as read into the record by Ms. Page, with the correction of a typographical error.

The motion passed by roll call vote as follows:

Pamela Church	aye	Janet Booker-Davis	aye
Gabe Roberts	aye	Judy Wetherbee	aye
Trey Watkins	aye	Gay Moon	aye
Stephen Eldridge	aye	Larry Elmore	aye
Casey Stuart	aye	Kevin Monroe	aye
Don Royston	aye		

MOTION and second to adopt the six questions mandated through the Regulatory Flexibility Act of 2007, detailing the expected impact on local government.

The motion passed by roll call vote as follows:

Pamela Church	aye	Janet Booker-Davis	aye
Gabe Roberts	aye	Judy Wetherbee	aye
Trey Watkins	aye	Gay Moon	aye
Stephen Eldridge	aye	Larry Elmore	aye
Casey Stuart	aye	Kevin Monroe	aye
Don Royston	aye		

Status of Pending Rules

Ms. Garvin informed the Board that two sets of Rules will go into effect on January 26, 2017. All licensees will be reminded of the Rule changes and the effective date via email.

Board staff was asked to gather information regarding firm names and some suggestions on how to improve the current rule.

EXECUTIVE COMMITTEE—DON ROYSTON, COMMITTEE CHAIR

Financial and Travel Information

Ms. Garvin presented an overview of the FY17 year-to-date financial results. Mr. Roberts asked if the Board is in a position to reduce license renewal fees. Ms. Garvin would like to review the results at the end of the fiscal year before considering a fee reduction.

The Board reviewed travel information for Ms. Garvin and Don Mills, the former Investigator for the Board.

Investigator Search

Don Mills completed his last day on January 13, 2016. Ms. Garvin outlined the plan for searching for and hiring a new Investigator. The position will be posted on Monday, January 23, with a job description as modified by the Executive Committee. Resumes will be collected for 2-4 weeks and interviews scheduled. Ms. Wetherbee and Mr. Monroe have offered to assist in the interview process. Ms. Garvin hopes to have a recommendation for the Board at the May 2017 meeting, and may call an emergency meeting if a suitable candidate is found in advance of that meeting.

NASBA Request to Utilize Candidate Data

The National Association of State Boards of Accountancy has requested to use certain candidate data in a survey to gain information regarding candidates who drop out of the CPA Exam process before completion.



MOTION and second to allow the use of Candidate data for that purpose and to authorize Ms. Garvin to sign the necessary form on the Board's behalf. Motion unanimously passed.

Summer 2017 Meeting Date

The Board had previously discussed the possibility of moving the July 2017 meeting to June to be held in conjunction with the TSCPA annual meeting.

Due to concerns over the level of interest and the timing of events, the Committee desired to make no change to the meeting schedule.

Evolution of Peer Review Update

The Board previously reviewed a proposal from the AICPA on the evolution of peer review administration which included reducing the number of administering entities. The changes would likely have precluded the TSCPA from administering the program for Tennessee firms. The Board expressed their concerns to the AICPA, as did several Boards and State Societies. The Board received a revised proposal from AICPA that addresses those concerns. The revised draft eliminates certain requirements for administering entities and adds benchmarks that those entities must meet. The Executive Committee asked Ms. Garvin to prepare a letter of support for review at the May meeting.

The Board then revisited the matter of Mr. Osborne's reinstatement application, as a vote regarding Mr. Osborne's firm permit application had not taken place.

MOTION and second to approve the reinstatement of Mr. Osborne's CPA Firm Permit. Motion approved by roll call vote as follows:

Pamela Church	aye	Janet Booker-Davis	aye
Gabe Roberts	abstained	Judy Wetherbee	aye
Trey Watkins	aye	Gay Moon	aye
Stephen Eldridge	aye	Larry Elmore	aye
Casey Stuart	aye	Kevin Monroe	aye
Don Royston	aye		

ENFORCEMENT COMMITTEE—GABE ROBERTS, COMMITTEE CHAIR

Legal Report

The Committee reviewed Legal Counsel's recommendations for open complaints as amended by the Committee (attachment B).



MOTION and second to approve the amended report and all recommendations therein. Motion unanimously passed.

Mr. Roberts asked that Legal and/or Board staff to present ideas at the next Committee meeting for categorization of penalties assessed in the past for various violations. This will help the Board remain consistent with past actions.

Status of Open Complaints

Mr. Roberts asked if the lack of an Investigator has impacted staff's ability to compile reports. Ms. Garvin revealed that Mr. Mills finalized all cases assigned to him. A few cases are yet to be assigned. Ms. Garvin clarified that complaints that can be conducted by a non-CPA in the Investigator pool will be assigned to that team. Complaints involving allegations of poor practice will be assigned to the Board Investigator when the position is filled.

LEGISLATIVE UPDATE

Ms. Garvin reported no active or proposed legislation that would affect the Accountancy Statute.

OLD BUSINESS

Accountancy Licensee Database (ALD) – Disciplinary Data

Ms. Garvin provided an overview of the ALD, which receives data feeds from our Board to all other State Boards to view all CPAs and their license status. There is also a public facing version of the product. NASBA has requested that the data feed also include disciplinary information. This was precipitated by new California legislation regarding individual mobility which called for a determination of substantial equivalency in disciplinary practices. State Boards completed surveys regarding the handling of complaints. While Tennessee is considered equivalent in the processing of complaints, our Board does not include disciplinary information in the ALD and therefore cannot be considered to meet the full definition of substantial equivalency with regard to disciplinary practices. The discipline may be as simple as a flag on the license or more detailed information regarding the disciplinary action taken.

The Board had concerns about the types of complaints and disciplinary actions that would be reported. Maria Caldwell and Stacy Grooms of NASBA were present to address the Board.

Discussion included:

- Information available through cpaverify.org (public) and the ALD (private)
- The types of violations for which discipline would be noted
- All other Boards are moving forward with the reporting of discipline
- The desire for consistency and standardization throughout reporting procedures
- Whether past disciplinary actions are relevant to the public
- Possible harm to licensees and public

MOTION and second to move forward with participation in the program but to direct staff to make recommendations to the Board as to what level of violation would be deemed to be a flag to be submitted if the Board did participate in the program for the Board's future consideration. Mr. Roberts clarified that the Board will vote on actual participation at the May meeting.

Motion passed by majority vote as follows:

Pamela Church	aye	Janet Booker-Davis	aye
Gabe Roberts	aye	Judy Wetherbee	aye
Trey Watkins	nay	Gay Moon	aye
Stephen Eldridge	nay	Larry Elmore	aye
Casey Stuart	aye	Kevin Monroe	aye
Don Royston	aye		

State Specific Ethics Courses

Based on action taken at the October 2016 Board meeting, currently approved state ethics sponsors were notified in December 2016 that all approvals would expire on December 31, 2017. Those sponsors were invited to comment on proposed changes to the state ethics program. The Board is considering moving to one provider of the state ethics course. Kara Fitzgerald of the TSCPA reported that their program is being revised following feedback from reviewers.

Discussion included the model used by the Virginia Board:

- Virginia Board creates an outline and provides it to Virginia Society of CPAs (VSCPA)
- VSCPA develops the course and submits to Executive Director, who reviews for approval
- Licensed CPAs may apply to the Board for authorization to present the VSCPA course

Mr. Roberts left the meeting for a prior appointment.

MOTION and second to direct staff to accept self-study and live presentations and to require providers to submit materials biennially using a revised outline to be approved by the Board at the May 2017 meeting.

Motion defeated by majority vote as follows:

Pamela Church	nay	Janet Booker-Davis	nay
Trey Watkins	aye	Judy Wetherbee	nay
Stephen Eldridge	nay	Gay Moon	nay
Casey Stuart	nay	Larry Elmore	nay
Don Royston	nay	Kevin Monroe	aye

MOTION and second to enter into a contract/agreement with TSCPA to develop and provide the Board with a State Specific Ethics course. The approved course will be available for purchase from the TSCPA.

Motion passed by majority vote as follows:

Pamela Church	aye	Janet Booker-Davis	aye
Trey Watkins	nay	Judy Wetherbee	aye
Stephen Eldridge	aye	Gay Moon	aye
Casey Stuart	aye	Larry Elmore	aye
Don Royston	aye	Kevin Monroe	nay

Peer Review Oversight Report

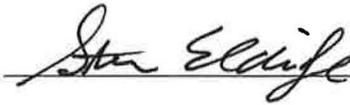
Ms. Fitzgerald presented to the Board an overview of the peer review program statistics and oversight results.

ADJOURN

With no further business before the Board, the meeting was adjourned at 1:25 pm.



Don Royston, Chairman



Stephen Eldridge, Secretary