



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/regboards/accountancy.html>

A meeting of the Tennessee State Board of Accountancy was held on Friday, October 20, 2017 at Davy Crockett Tower, 500 James Robertson Parkway in Conference Room 1-A.

MEMBERS PRESENT

Casey Stuart, Chair
Stephen Eldridge, Vice-Chair (via phone)
Andy Bonner
Janet Booker-Davis
Pamela Church
Larry Elmore
Kevin Monroe
Gabe Roberts
Trey Watkins
Judy Wetherbee

MEMBERS ABSENT

Gay Moon, Secretary

LEGAL COUNSEL

Sara Page, Assistant General Counsel
Liz Goldstein, Assistant General Counsel
Shilina Brown, Assistant General Counsel
Tony Glandorf, Chief Counsel

STAFF

Wendy Garvin, Executive Director
Karen Condon, Board staff
Shari Waugh, Investigator

OTHERS PRESENT

Jessica Luttrell, NASBA
Alonzo Alexander, NASBA
Kara Fitzgerald, TSCPA

CALL TO ORDER 8:30

Public Disclaimer and Roll-call

Notice of October 20, 2017 meeting of the Tennessee State Board of Accountancy was posted to the Accountancy Board's website on October 13, 2017. Members made their presence known by roll call.

Announcements

- Mr. Stuart welcomed Mr. Bonner to the Board.

- Mr. Watkins and Ms. Moon have been re-appointed for three-year terms.
- With one member attending by phone, votes will be cast by roll call.

Review and Adopt Agenda

There were no suggested revisions or additions to the agenda.

APPROVAL OF MEETING MINUTES

July 14, 2017 Regular Meeting

The minutes were revised to correct the overview of Ms. Wetherbee's report on NASBA's Ethics Committee, clarifying that NASBA's involvement with students is not limited to those in the Accounting field.

MOTION and second to approve the minutes as revised. Motion passed by roll call vote as follows:

Andy Bonner	abstain
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

DIRECTOR'S REPORT – Wendy Garvin, Executive Director

Ms. Garvin presented the Director's report to the Board (Attached), reporting the following NASBA Committee assignments among other things:

- Mr. Stuart has been nominated to serve as the Southeast Regional Director on the NASBA Board of Directors
- Ms. Garvin has been asked to serve on NASBA's Strategic Planning Task Force
- Ms. Booker-Davis will serve on NASBA's Reorganization Impact Taskforce (RITF).
- Ms. Wetherbee and Mr. Elmore will continue serving on NASBA's Ethics Committee and Audit Committee, respectively.

Mr. Stuart encouraged board members to attend NASBA Regional meetings and is pleased about the Board's involvement with NASBA committees. Mr. Stuart also noted that he has been asked to serve as Chair of the Accountancy Licensee Database Committee.

MOTION and second to approve the proposed January 29, 2019 meeting date. Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

REVIEW AND APPROVAL OF COMMITTEE ASSIGNMENTS – Chairman Stuart

The four Board Committees are Licensing, Executive, Law and Rules, and Enforcement. Members were asked at the last meeting to express their interest in a particular Committee. Most members serve on two Committees.

MOTION and second to approve the Committee assignments. Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

NANO LEARNING DEMO – Jessica Luttrull, Associate Director, CPE Registry

Jessica Luttrell presented a demo of a Nano learning course to the Board. She noted the seven providers have been approved on the National Registry of CPE Sponsors as providers of Nano learning. Ms. Luttrell discussed the requirements imposed on this method of learning:

- An assessment at the end of the program consists of two questions
- A word-count formula accounts for duration of video to determine the time of course.

- The course must have 6-7 minutes of content, which equals ten minutes with the assessment questions.
- Attendees cannot skip any portion of the program.

Tennessee Accountancy Rules allow for the acceptance of Nano learning, but Director Garvin suggested that a change to the Rules would help clarify the matter.

MOTION and second to accept Nano learning as a delivery method for CPE credit.

The Board expressed their appreciation for the new platform and for the presentation.

Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

The Board requested that Legal draft language to clarify the Rule. Mr. Watkins suggested that the new Rule should mirror the current Rule structure, allowing registered and exempt sponsors to offer Nano learning, and has no desire to limit the number of credits earned through this method. Board members were invited to contact staff with any suggested revisions. Mr. Watkins suggested that both registered and exempt sponsors be allowed to offer Nano learning. Ms. Luttrell is aware of thirteen jurisdictions that allow Nano learning, with only Texas placing limitations on the number of credits allowed through that method.

CENTER FOR THE PUBLIC TRUST ETHICS COURSE PRESENTATION

Alfonzo Alexander, President NASBA Center for the Public Trust, addressed the Board.

The NASBA Center for the Public Trust has developed an online training program to reach the overall business market designed to be presented as annual ethics training. The Missouri Board of Accountancy was the pilot for modifying this program for those Respondents required by the Board to earn additional ethics training. The program based on behavioral ethics, and combined with an overview of Rules and regulations is hoped to lessen the occurrence of repeat offenders. The Missouri Board requires this course in certain cases along with fines assessed. The course currently has three modules, with the option to add a fourth module that is specific to the particular Board.

Mr. Elmore found the program to be timely, as the Board wishes to assign ethics training as discipline in certain cases. If so desired, the Board may opt for the current three-module program, or take steps to develop Module 4 as specific to Tennessee Law and Rules. Mr. Stuart expressed his preference for utilizing the fourth module, citing the opportunity to more specifically address frequent violations.

MOTION and second to move forward with implementing the program with four modules. Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

Those willing to help develop video content for the fourth module will contact Ms. Garvin by email. Ms. Wetherbee suggested that Ms. Garvin appear in the video.

There followed discussion regarding NASBA's Reorganization Impact Taskforce and the AICPA's merger with CIMA. Ms. Booker-Davis asked Mr. Alexander to share information from NASBA's Reorganization Impact Task Force, which will be looking at issues with the restructure of the AICPA (the Institute) and the creation of the Association of International Certified Professional Accountants (the Association). Mr. Alexander said that many Boards have concerns about the new entity, as the Law and Rules in various states refer to the Institute. There may be contractual aspects with AICPA (the Institute) that need to be revised, as AICPA (the Institute) has products required by the Board. The task force will report back to NASBA board in January.

Dr. Church expressed interest in seeing where AICPA is going, as the group appears to be shifting away from CPAs, has significant implications for education and what the Board requires. Mr. Eldridge asserted that the profession relies on AICPA for protection, and that they are moving away from the role of advocating for CPAs. Mr. Bonner clarified that though there is a new international organizational at the top, the AICPA board is still focused on CPAs at that level. Dr. Church expressed her appreciation of NASBA's oversight, with a wish that the profession as a whole would decide in which direction to move before implementing changes. Mr. Bonner is grateful for the recognition that not all in the profession are Public Accountants. Employees of AICPA or CIMA appear to now be employees of the umbrella organization, which may create conflict with confidentiality, exams, and other issues.

NASBA ACTIVITIES AND COMMITTEE REPORTS

Audit Committee – Larry Elmore

Mr. Elmore reported that the Committee met two weeks ago to approve the annual audit report of NASBA and the Center for Public Trust. The group reviewed the audit reports and related correspondence. The committee also discussed the Audit Committee charter.

Ethics Committee – Judy Wetherbee

Ms. Wetherbee reported that the Committee has had a few conference calls, with the latest one including proposed revisions to the International Ethics Standards Board for Accountants regarding inducements. The Committee drafted a letter with member’s comments regarding a better definition of inducements.

BOARD COMMITTEE REPORTS – 1:40

Licensing – Larry Elmore

Exam Conditional Credit Extension Request – Coffie

These two requests relate to a prior Board action allowing an additional testing window for those candidates who sat for the exam in the second quarter of 2017 and lost a credit in the third quarter due to the delay in the score release.

Mr. Coffie was granted an extension through 12/10/17 for the BEC exam and requests an additional extension through 2/28/2017. Candidate Coffie lost an REG credit on 4/30/17 and chose not to sit for the exam in July or August.

MOTION and second to deny the request for an extension of the exam window.

Discussion:

- The candidate still has the opportunity to sit for remaining parts.
- The extension allowed by Rules has been granted.
- Candidate has received the extension and is requesting a further extension.

Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	nay
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

Exam Conditional Credit Extension Request – Schindler

Candidate requests an extension of one window for the REG exam.

Discussion:

The candidate did not lose a credit due to the score delay in Q2 and is therefore not eligible for the extension voted upon.

MOTION and second to deny the request for an extension of the exam window.

Discussion:

- Candidate Schindler did not sit for the exam in Q2 and was therefore not affected by the score delay
- Candidate had the opportunity to sit for one or more parts in Q2, and chose to delay testing until Q3.
- Candidate would have known about the score delay but not necessarily that the Board would grant extensions.
- Extensions granted by the Board were specific to those affected by the score delay.

Andy Bonner	aye
Janet Booker-Davis	nay
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

Consider Firm Name – Laine CPA PLLC

Abby Elaine Jackson wishes her firm to be licensed as Laine CPA although “Laine” is not her legal name. Applicant declared that she chose a name in accordance with name she uses professionally. The Committee felt that the name Laine CPA had been established professionally and is not misleading to the public.

MOTION and second to approve the firm name Laine CPA.

Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

Consider CPA Application with Felony

Ms. Pino is an applicant for a reciprocal license in Tennessee and was convicted of a felony as a teenager. The applicant provided a statement and details surrounding the incident. The Committee took into consideration that the conviction was long ago and the applicant has complied with the court and has had no further infractions.

MOTION and second to approve the CPA license application.

Mr. Stuart noted that all Committee matters were discussed in full at the Committee meetings with all members participating.

Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

Consider CFSA Exam for CPE Credit

A licensee has requested CPE credit for the successful completion of the Certified Financial Service Exam. The Committee discussed other similar exams and recommends approval based on content of the course.

MOTION and second to approve CPE credit for the completion of the Certified Financial Services Auditor Exam in the CPE category Accounting and Auditing. Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

State Specific Ethics Course Outline

Director Garvin presented a proposed outline for the new 2018 State-specific ethics course, which has been reviewed by the Board Investigator and the Tennessee Society of CPAs (TSCPA). The Board is required to provide a course outline to TSCPA each year. The committee approved the course outline and recommends approval by the Board

MOTION and second to approve the course outline as presented. Motion passed by roll call vote as follows:

Andy Bonner	y
Janet Booker-Davis	y
Pamela Church	y
Stephen Eldridge	y
Larry Elmore	y
Kevin Monroe	y
Gabe Roberts	y
Casey Stuart	y
Trey Watkins	y
Judy Wetherbee	y

Ms. Garvin will present the outline to TSCPA for development of the 2018 state-specific ethics course.

Law and Rules – Trey Watkins, Acting Chair

CPE Rules in Process – Review AG Redlines

Proposed changes to Rules 0020-01 and 0020-05 have been significantly revised by the Attorney General and require further review by the Board. The Rules and the Regulatory Flexibility Addendum were revised for clarification. The Committee reviewed the changes and recommends approval.

MOTION and second to approve the Rules as revised. Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

Fictitious Names Rule Review

The Committee reviewed proposed language to revise Rule 0020-03.15 regarding acceptable firm names.

MOTION and second to approve the suggested revision to Rule 0020-03.15.

Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

Ms. Goldstein informed the Board that the Peer Review Rules have been approved by the Attorney General for pre-approval for constitutionality and are moving on next week to the Governor's office.

Enforcement – Gabe Roberts

Legal Report

The Committee reviewed complaint statistics and the Legal report. A new legal report was distributed based on changes recommended by the Committee. Of the thirty-one items on the report, the Committee recommended changes to items 12, 15, 26, 27, 28. The Committee recommended that item 23 be reopened for further investigation and that item 31 be closed.

MOTION and second to approve the recommended actions in the Legal Report as amended.

Mr. Stuart noted that these matters were discussed in detail at the Committee meeting with all Board members present.

Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye

Trey Watkins	aye
Judy Wetherbee	n/a

Ms. Wetherbee was temporarily absent during this vote.

Mr. Roberts committed to having a shorter committee report and is working with legal staff to streamline. Items recommended for closure will be sent to the Board on a Consent Agenda for review prior to the next meeting.

Future reports will contain a brief synopsis of the issues and penalty recommendations. Legal will conform to the discipline matrix to ensure consistency in discipline assessed. Legal will bring to the Committee’s attention any deviation from the matrix.

The Committee had discussed one case specifically regarding investigation procedure. Mr. Roberts will be in touch with Mr. Glandorf to discuss investigative standards within the Department of Commerce and Insurance.

Discipline Matrix/Civil Penalty Guidelines

Ms. Garvin sought the Board’s permission to post the discipline matrix on the Board’s website.

MOTION and second to approve this request. Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

Executive – Casey Stuart

FY17 Closing and FY18 YTD Financial Results

Ms. Garvin presented an overview of the financial results. Discussion included:

- Overview of licensing revenue
 - reserve amounts continue to grow with money paid by licensees
 - the Board expects lower revenues due to the waiver of renewal fees for inactive licensees ages 65 and older
 - the possibility of reducing renewal fees, perhaps on a temporary basis or through a fee holiday
 - the desire for statistics regarding the age of the license population
- Travel expenses

- whether the Board will be in deficit due to increased travel costs resulting from a higher interest in Board member attendance at conferences and meetings

Mr. Roberts left the meeting at 10:51 am.

Review Travel Information

Ms. Garvin travelled to a NASBA Regional meeting, the AICPA peer review conference, and the Discover Accounting program. Ms. Waugh has had expenses incurred through investigative work and state ethics presentations.

FY 19 Budget Proposal

Ms. Garvin presented an overview of the proposed budget.

- Net revenue does not include case/complaint revenue.
- Anticipate \$32,000 decrease over one year due to the waiver of renewal fees for Inactive licensees ages 65 and older.
- State regulatory fee is \$10 for each CPA renewal and \$5 for each Firm renewal,
- Salaries includes potential raises and possible bonuses for exceeding expectations
- Budget is submitted to the Department of Commerce and Insurance after Board approval
- Ms. Wetherbee suggested a correction to the employee benefits line item

MOTION and second to approve the proposed budget. Motion passed by roll call vote as follows:

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

Revised Memorandum of Understanding (MOU)

One addition made to the previously approved MOU. TSCPA must inform Board of what they will be charging individuals and course sponsors. In addition, they must give 60 day notice if they choose to change the rate.

Discussion:

TSCPA is currently charging \$35 for members and \$55 for non-members.

Board represents everyone so pricing is important

There will be multiple options for CPAs to go through TSCPA or other sponsors

Board still has authority to approve other courses but the intent is to have one high quality course internal

Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Gabe Roberts	absent
Casey Stuart	aye
Trey Watkins	aye
Judy Wetherbee	aye

Review Request for Larry Elmore to speak at Tennessee Tech

Larry Elmore, has been invited to be interviewed for a Tennessee Technological University (TTU) ethics class as a board member. TTU would like to tape the interview and use for other classes. The legal team has some concerns and feels Board approval is needed.

Discussion:

- Board can approve Larry to speak on behalf of the Board
- Would be good for Wendy to participate as well
- As policy, Legal should advise as to disclaimer language
- Legal can attend if needed
- Some entities (PCAOB) are hamstrung by legal restrictions. As a result, they are less effective from a regulatory standpoint. Board does not want the attorneys to muzzle appropriate activity of the Board members.
- Legal is not intending to tell Board members what to say or not say.

Motion and second that when requested to speak, Board members disclose that they are not speaking in an official capacity or on behalf of the Board using disclaimer language.

Staff will determine if this should be added to policy.

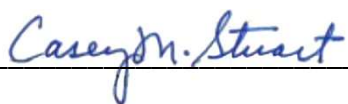
Andy Bonner	aye
Janet Booker-Davis	aye
Pamela Church	aye
Stephen Eldridge	aye
Larry Elmore	aye
Kevin Monroe	aye
Casey Stuart	aye
Trey Watkins	aye

Judy Wetherbee

aye

ADJOURN

The meeting adjourned 11:31am.



Chair



Secretary