



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

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Davy Crockett Tower
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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, May 4, 2018 at Davy Crockett Tower, 500 James Robertson Parkway in Conference Room 1-A.

MEMBERS PRESENT

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

LEGAL COUNSEL

Sara Page, Assistant General Counsel
Shilina Brown, Assistant General Counsel

STAFF

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

OTHERS PRESENT

John Russell Poole, CPA

MEMBERS ABSENT

Stephen Eldridge, Vice-Chair

CALL TO ORDER 8:30

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 April 26, 2018. Members made their presence known by roll call and a quorum was established.

Announcements

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

January 19, 2018 Regular Meeting

There were no suggested revisions or additions to the minutes.

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

Director's Report – Wendy Garvin, Executive Director

Director Garvin presented an overview of Board activities, Uniform Accountancy Act and Model rule changes, CPE audit status, license statistics, and future meeting dates.

Motion and second to approve the proposed meeting date of July 30, 2019. Motion passed unanimously.

Reinstatement Application – Stewart O. Heath

Mr. Heath submitted an application, fees and all other requirements necessary to request reinstatement of a revoked CPA license.

Motion and second to allow Director Garvin to reach out to those victimized by Mr. Heath's actions so that each may have an opportunity to address the Board when considering the reinstatement. Motion passed unanimously.

Motion and second to accept the application as complete for review at the next Board meeting. Mr. Heath should be present to answer questions. Motion passed unanimously.

NASBA Activities and Committee Reports

Board of Directors Update—Casey Stuart

Mr. Stuart is the Southeast Regional Director of the Board of Directors. The Board reviews financial reports and the progress of various task forces, in addition to other duties. The Board meets

quarterly, with one meeting coinciding with the NASBA Annual meeting. Mr. Stuart reported that the Reorganization Impact Task Force (RITF) addressed a list of questions to the AICPA and requested certain documents. The AICPA is responding, though the process is not yet complete. Ms. Booker-Davis serves on the Task Force and reported having had a meeting with representatives of AICPA with the goal of having materials to distribute at the NASBA regional meetings this year. Mr. Stuart stated that many Executive Directors and Boards of Accountancy are upset with the recent changes revolving around the AICPA's merger with CIMA, creating a new Association designated at the Association of International Professional Accountants, also holding the AICPA acronym. Issues include things such as ownership of the exam, associated costs, confidentiality of exam CPE and the code of conduct. The Task Force is working to address changes that need to be made.

Alternate Pathway to CPA Licensure—Casey Stuart

The Board of Directors also discussed an alternate pathway to CPA licensure, driven by the trend of firms hiring fewer CPA candidates and focusing on more technology-based candidates. Given the changes in methods of operation within the profession, Mr. Stuart asked that Board members keep an open mind when considering a possible alternative pathway. Discussion included:

- A proposed alternative pathway will introduce different sections to the exam that will be more technology focused, with no differentiation between the resultant licenses.
- Altering the current exam will involve a practice analysis, a process which would take as long as seven years.
- An alternate path to licensure could be developed within three years.
- This topic is expected to be the primary focus of discussion at the regional meetings.
- Ms. Garvin suggested that a representative of NASBA may be able to address the Board at the July meeting.
- The possible waning of the prestige of an accounting emphasis, and universities' attempts to incorporate more business analytics type courses into the accounting curriculum
- The need for the profession to take control of this new pathway, rather than let firms choose the course of action through their practice methods
- Students are losing interest in obtaining a Master's degree and firms are not valuing the additional time in school
- The path, whatever it is, needs to protect the public

Stuart also discussed developments at NASBA with Peer Review Oversight and Mutual Recognition Agreements (MRA's).

Audit Committee – Larry Elmore

Mr. Elmore reported that the Committee has a scheduled meeting on which he will report at the next Board meeting.

Ethics Committee – Judy Wetherbee

Ms. Wetherbee had a recent conference call meeting to discuss the recently issued Information Systems Services Exposure Draft issued by the AICPA Professional Ethics Division. This exposure draft addresses independence concerns when a CPA firm provides certain non attest services related to an attest client's information systems.. The Committee will meet again at the end of the Eastern regional meeting.

Board Committee Reports

Executive – Casey Stuart

FY18 YTD Financial Results

The Committee reviewed the financial results as prepared by Director Garvin. Ms. Garvin outlined yearly revenue, expenditures, and the surplus balance.

Travel Information

The Committee reviewed travel information for the Director and Investigator.

Discuss Opportunities to Lower Fees

Carter Lawrence, Assistant Commissioner of Regulatory Boards, and Director of Accounting Bill Huddleston had addressed the Committee regarding the possibility and feasibility of lowering license renewal fees. Mr. Lawrence will present information to the full Board at the July meeting, including options for possible fee reductions.

Peer Review – New Benchmarks

Kara Fitzgerald, TSCPA, addressed the Committee regarding changes to peer review benchmarks.

Failed peer review reports guidance

The Committee discussed the latest information in peer review processes as developed by NASBA's Compliance Assurance Committee

Enforcement – Gabe Roberts, Committee Chair

Consent Agenda

The Board desired cases for which Legal has recommend closure to be listed on a separate consent agenda. The Committee had proposed no changes to the consent agenda as presented.

Motion and second to approve Legal's recommendations for items 1-4 on the May 2018 consent agenda. Motion passed unanimously.

Motion and second to approve Legal's recommendations for items 5-7 on the May 2018 consent agenda. Motion passed unanimously, with Ms. Moon recused from the vote.

Motion and second to approve Legal's recommendations for items 8-12 on the May 2018 consent agenda. Motion passed unanimously.

Legal Report

The Committee reviewed the Legal report and revised the recommendations for items 1, 2, 5, 6, 10, 11, and 12.

Motion and second to approve the May 2018 Legal Report as recommended and revised by the Committee. Motion passed unanimously.

The Committee had discussed the issue of those selected for CPE audit who subsequently request a change in status to inactive or closed upon receiving notification of the audit. The Committee was asked to consider whether those licensees should still be subject to audit, and whether the change in status should be delayed until the audit materials have been submitted. Staff is requested to gather information to provide guidance at the next meeting.

Licensing – Larry Elmore, Committee Chair

Exam Conditional Credit Extension Requests

Eight candidates have requested extensions of the 18 month window for one or more parts of the CPA exam.

The Committee recommended denial of the requests from Tomas Bystriansky, Mark Damron, Wafa Hindiyyeh, Amy Hussey, and Farirai P. Rusukira.

The Committee recommended approval of an extension of credit for REG and BEC through September 30, 2018 for John P Hendrix.

The Committee recommended approval of an extension of credit for BEC through June 30, 2018 for William Hepner.

The Committee recommended approval of an extension of credit for FAR through August 31, 2018 for Heather Wlodarczyk.

Mr. Stuart noted that each request was discussed in detail during the Committee meetings and that the Board wishes to restrict requests for extension of exam credit to those resulting from events out of the candidate's control.

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

Request to Claim Courses as Upper Division – Boyd

Krystle Boyd requests that the Board allow credits earned through courses taken at Lone Star College, a two-year community college, to be counted as upper-level courses for purposes of CPA examination and licensure in Tennessee. Discussion included:

- The courses would not typically count as upper level in Tennessee
- Tennessee has specified through Rule those credits accepted as upper level
- The candidate earned the credits under an understanding of Texas requirements
- Denial of the request does not bar the candidate from Tennessee licensure, as the Board will accept a reciprocal application from a Texas licensee.

Motion and second to deny the request to allow credits from this community college to be considered upper-level credits in Tennessee. Motion passed unanimously.

Certified Public Finance Officer Exam – Request for CPE credit

The Board was asked to consider approval of the Certified Public Finance Officer Exam for CPE credit. The Committee discussed the rigorous requirements of the exam and the experience of Committee members with the exam.

Motion and second to approve the Certified Public Finance Officer Exam for CPE credit in the category Specialized Knowledge and Applications. Motion passed unanimously.

Law and Rules – Gay Moon, Committee Chair

CPE Rule – Draft language – Nano Learning, Technical Fields of Study

The Committee reviewed proposed changes to the Rules governing CPE requirements. The changes will be finalized for review at the July meeting.

Legislative Update

Ms. Page provided an overview of recent legislative matters, including:

- An amendment to Tennessee Code Annotated, Section 62-1-107(e), in which the reference to licensees "over seventy (70) years of age" was substituted with "sixty-five (65) years of age or older" which receive a waiver of renewal fees. This will allow our Law and rules to now be consistent.
- The "Fresh Start Act" which precludes licensing Boards from denying a license application due to a prior criminal conviction that does not directly relate to the applicable occupation, profession, business, or trade. If the Board denies a license, the applicant will have the ability to appeal.
- An amendment to Tennessee Code Annotated, Title 8, Chapter 4, Part 5, which requires public officials and CPA firms conducting an audit, investigation, or other engagement under a contract with the comptroller of the treasury, or with a public entity that requires approval by the comptroller of the treasury, to promptly report any reasonable suspicion of unlawful conduct to the office of the comptroller of the treasury. The definition of unlawful conduct was increased and now includes debit and credit card fraud.
- Apprenticeship Bill – This bill will likely not affect the Accountancy Board.

Old Business

No old business was reported.

New Business

Mr. Watkins wished to follow up on Committee discussion of the CPE audit and the rate of violations discovered. The Board would like to consider changing the options in assessing penalties for CPE violations, to perhaps include a higher civil penalty amount in lieu of a CPE requirement for those licensees no longer practicing. Mr. Monroe requested a summary of recent audit history, detailing the types of violations, including the ethics requirement. It was suggested that staff research those states with low rates of CPE violations, and to consider requiring the submission of a list of completed courses at renewal.

Ms. Page clarified that Peer Review documents received will remain confidential even if attached to the licensee's file.

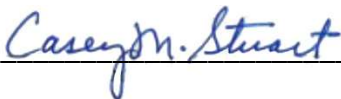
The regular meeting then concluded to begin the scheduled formal hearing.

Formal Hearing

With an Administrative Law Judge presiding, the Board heard Docket No. 12.19-151586A; John Russell Poole, CPA; Respondent. Mr. Poole was alleged to have performed services with a lack of due professional care.

Following testimony, questioning, and deliberation, the Board determined that no disciplinary action should be imposed on Mr. Poole.

Adjourn 8:00pm

Handwritten signature of Casey M. Stuart in blue ink.

Chair

Handwritten signature of Dara G. Moon in blue ink.

Secretary