



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, January 19, 2018 at Davy Crockett Tower, 500 James Robertson Parkway in Conference Room 1-A.

MEMBERS PRESENT

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

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

MEMBERS ABSENT

Judy Wetherbee

OTHERS PRESENT

Amy Czerwinski, Respondent
Alex Fisher, Attorney

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 January 11, 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
- Votes will be cast by roll-call due to the presence of members by telephone

Adopt Robert's Rules of Order

Motion and second to adopt Robert's Rules of Order. Motion passed unanimously by roll call vote as follows:

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

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 by roll call vote as follows:

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

Approval of Meeting Minutes

October 20, 2017 Regular Meeting

The minutes were revised to correct typographical errors, and to correctly identify members present.

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

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

Director's Report – Wendy Garvin, Executive Director

Director Garvin presented an overview of Board activities, license statistics, and future meeting dates.

Motion and second to approve the proposed meeting date of May 7, 2019. Motion passed unanimously by roll call vote as follows:

Andy Bonner	aye	Stephen Eldridge	aye
Janet Booker-Davis	aye	Larry Elmore	aye
Pamela Church	aye	Gay Moon	aye

Kevin Monroe	aye	Casey Stuart	aye
Gabe Roberts	aye	Trey Watkins	aye

Representation of Case #2016059331 – Sara Page, Assistant General Counsel

Respondent Amy Czerwinski was involved in a class D felony in 2007 for conspiracy to commit bank fraud and mail fraud as a result of preparing mortgage documents and forging her mother’s signature in order to participate in an investment scheme. The Board previously authorized formal charges for the revocation of Ms. Czerwinski’s license with the authority to settle with the voluntary revocation of her license via a consent order.

The Respondent and Legal agree to the facts of the case and Ms. Czerwinski has agreed to forego the anonymity that is typically in place. Legal has new information that was not presented at the original decision and felt this to be worthy of consideration. Respondent wishes to settle her case with a suspension of her license to run concurrent with probation (through July 2021). The Board is asked to consider that Ms. Czerwinski has had no issues in the provision of service in her job, the length of time since the infraction, the lack of danger to public, and the numerous letters submitted in support of the suspension by colleagues and supervisors. At the end of the probation period, respondent may apply for reinstatement.

Members reviewed the new material and Ms. Czerwinski’s attorney, Alex Fisher, addressed the Board. Although Ms. Czerwinski was present, she did not address the Board. Ms. Page cautioned the board not to hold this against the respondent as she was under the assumption until the night before that she would be unable to speak to the Board.

Discussion:

- Ms. Czerwinski self-reported this incident and resigned her position with the Comptroller’s office upon signing a plea agreement in 2012. She has not practiced as an accountant since that time.
- The Board has a mechanism in place whereby the holder of a revoked license may request reinstatement. If Ms. Czerwinski is not practicing, what is significance of revocation and reinstatement vs. suspension?
- The possible effects of a revoked license on future applications and client interactions
- Respondent’s probation officer asserts that Ms. Czerwinski is in compliance with the terms of her probation.
- A suspension is not automatically lifted and requires the Board’s approval. The history of suspension remains in the license file.
- The seriousness of a felony conviction and the Board’s reluctance to set a precedent in this matter
- The Respondent’s prior violation for providing attest services without a firm permit
- A license in Suspended status does not have practice privileges and is subject to renewal and CPE requirements

Motion and second to accept counsel’s recommendation to suspend the license, requiring the Respondent’s appearance before the Board when requesting reinstatement, for which the Respondent may apply at the end of the probation period. Motion passed by the majority as follows:

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

The meeting paused for a ten-minute break, reconvening at 10:16 am.

NASBA Activities and Committee Reports

Audit Committee – Larry Elmore

Mr. Elmore participated in a planning meeting by phone yesterday. The Committee's first in-person meeting will be in May, during which members will discuss the role and responsibilities of the Committee.

Ethics Committee – Judy Wetherbee

There is no report from this Committee in Ms. Wetherbee's absence.

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

Due to growing concerns, NASBA organized this task force to address issues related to the reorganization of the AICPA, along with CIMA and the Association of International Certified Professional Accountants. This new organization bears the same acronym as used by the American Institute of Certified Public Accountants before the reorganization, resulting in some confusion.

In discussing the roles and responsibilities of the AICPA, The task force was asked to identify and clearly define the concerns and issues surrounding the reorganization, including legislative issues, contractual concerns and potential anti-trust issues.

The task force summarized information gathered into a list of questions to be submitted to the AICPA, including these topics:

- Structure and location of the reorganized entity
- Programs and functions under new structure
- Concerns related to confidentiality and security of the CPA exam
- Outsourcing of duties previously performed by the AICPA
- Payments by state boards, and whether those payments will be used to subsidize other competing exams
- The acronym AICPA and how it relates to the Certified Public Accountant designation

Dr. Church asked about changes the AICPA implements for the exam, and the difficulty the changes impose on professors. Ms. Booker-Davis will present this to the group as a potential issue. Dr. Church will detail her concerns in an email to Ms. Garvin.

Board of Directors – Chairman Stuart

Mr. Stuart serves as the Regional Director for the Southeast region, which includes the Southern states, Puerto Rico, and the U.S. Virgin Islands. As Regional Director, Mr. Stuart acts as a facilitator with those boards to encourage their response to focus questions and to discover current issues those Boards would like NASBA to address. The Board and Regional Directors met in Scottsdale, AZ in January. Regional Directors reviewed the results of the focus questions and discussed the agenda for the Regional meetings. The full Board of Directors discussed financial operations and heard reports from management. NASBA's

mission statement is to enhance the effectiveness and advance the common interests of the member State Boards, for which purpose they work closely with those Boards.

The Board of Directors discussed these topics, among others:

- In response to the work of RITF, the Board voted to provide a list of questions and issues to the AICPA, and is anticipating a response.
- A possible new pathway to the CPA designation, taking into account changing technologies and new practice areas.
- Mutual Recognition Agreements (MRAs) which govern how those from other countries can get qualified to practice in the United States and vice-versa. NASBA recently renewed MRAs with Ireland, Canada, and Mexico. The Board approved an agreement with Scotland, which has been in process for twenty years.
- Peer review and the possibility of NASBA serving as a Peer Review Oversight Committee (PRRC) for various Boards.

Mr. Watkins suggested that the peer review process be redesigned to make the system more workable and less punitive to the reviewers. Mr. Eldridge would like to invite a NASBA representative to address the Board about the changing nature of the profession and issues the Board should plan for.

Board Committee Reports

Licensing – Larry Elmore

Exam Conditional Credit Extension Requests

Candidate Coffie requests an extension through the end of January due to the testing site closure during the exam scheduled for December 9, 2017. NASBA did not allow for a retake or alternate time for the exam.

Discussion:

- NASBA’s policy for weather closures. NASBA issues refunds but does not reschedule the exam or offer extensions.
- The exam window for December closed soon after this event
- The possibility of establishing a general policy to address extensions due to weather closures

Motion and second to approve an exam extension through the end of January 2018. Motion passed unanimously by roll call vote as follows:

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

Candidate Crocker requests an extension through the end of March 2018. Candidate did not pass the AUD section, taken in April 2017, and therefore lost the credit for REG at the end of May. Crocker contacted NASBA in May to request an extension, and was advised wait until scores for AUD were released, as an extension may not be necessary with a passing score. Candidate did not sit for any portion of the exam in fourth window of 2017.

The Committee recommended denial of the request, as the candidate did not cite sufficient extenuating circumstances which prevented her from completing the exam.

Motion and second to deny the request for an exam extension. Motion passed unanimously by roll call vote as follows:

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

Candidate Onabanjo requests for the BEC examination taken on 11/25/2015. The candidate had significant medical issues which prevented her from completing the exam within the 18-month window, but has passed the other four parts.

Motion and second to approve an extension of the BEC exam score. Motion passed unanimously by roll call vote as follows:

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

Firm Name – NCB Consulting Corp

Applicant requests approval of a firm name which consists of initials of herself and her children. Motion and second to approve the name with a recommendation that the applicant be advised that the firm would have certain responsibilities if offering attest in future. Motion passed unanimously by roll call vote as follows:

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

Exempt Sponsor Request

Lincoln Trail Regional Council of the Institute of Management Accountants (IMA) requests approval as an exempt sponsor of Continuing Professional Education (CPE). The national IMA organization is registered as a sponsor with NASBA, and the Regional Council is not.

Motion and second to approve the request to consider the Lincoln Trail Regional Council of the IMA as an exempt sponsor of CPE. Motion passed unanimously by roll call vote as follows:

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

Law and Rules – Gay Moon

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

Ms. Moon reported that Director Garvin is continuing to work on the revision the CPE Rules and presented an overview of suggested changes. Mr. Watkins suggested checking the requirements of other states as they relate to reciprocal licenses and state ethics.

Fictitious Names Rule Revision

The Board previously approved certain changes to the Rule governing acceptable firm names. An internal Legal review prompted further suggested changes which will allow the amended Rule to more closely align with the Board’s charge of protecting the public interest while preserving the intent of the revisions in allowing certain unconventional names. Discussion centered on a specific section of Rule 0020-03-.15, which was approved as follows:

- (4) The Board may approve the use of a firm name if it contains a word or words other than the name or names of current or former partners, including those with a nontraditional spelling of a word, so long as the name:
 - (a) Does not harm or mislead the public;
 - (b) Does not reflect discredit among the accounting profession; and
 - (c) Does not conflict with any of the other requirements of Rule 0020-03-.15.

The suggested revision changes section 4 (b) to read:

- (b) Does not compromise the health, safety, or welfare of the public; and

Several Board members felt that this change alters the intent of the Rule.

Discussion:

- The Rule as approved is related directly to Accountancy to prohibit discredit to the profession. A firm name could reflect discredit, but not necessarily compromise the health and safety of the public.
- The original language will protect the public and is not intended to insulate the profession.
- Firm names are not related to health or safety of the public, but discredit is essential to the profession, is defined within the profession and is supported by the AICPA code of ethics and case law.
- Legal’s opinion that the new language alleviates concerns over restraint on commercial free speech, and couches back to public protection, while not restraining free commercial speech.
- Legal’s opinion on the Board’s ability to prohibit a firm name that is viewed as being discreditable to the profession. The term “welfare” is typically defined as “for the good of society” and these types of names could be denied under the “welfare” portion of the Rule.

Motion and second to approve the suggested revisions to the Rule. Motion was passed by vote as follows:

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

Ms. Goldstein read the Regulatory Flexibility Addendum and the statement of Impact on Local Governments into the record.

Motion and second to approve the Regulatory Flexibility Addendum and the statement of Impact on Local Governments. Motion passed unanimously by roll call vote as follows:

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

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

NASBA Request to Utilize Candidate Data

NASBA has requested to use candidate data to research community colleges and those who attend in an attempt to discover influences on the decision to become CPA. NASBA would like to use email addresses on file for candidates to request responses to a survey on the topic. Counsel suggested additional language to clarify that the Board does not authorize NASBA use the data in a manner contrary to established law.

Motion and second to approve the request with the clarification that the Board does not authorize NASBA use the data in a manner contrary to established law. Motion passed unanimously by roll call vote as follows:

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

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 amended two items on the Legal Report, which were added to the consent agenda as numbers 5 (was number 7 on original legal report) and 6 (was number 5 on original legal report).

Motion and second to approve the six items on the consent agenda as amended and presented. Motion passed unanimously by roll call vote as follows:

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

Legal Report

The Committee reviewed the Legal report and recommends approval of Legal’s recommendations for items 1-5. Item number six on the report was resolved earlier in today’s meeting.

Motion and second to approve the recommendations for items 1-5 on the Legal Report. Motion passed unanimously by roll call vote as follows:

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

Legislative Update

Ms. Garvin reported that no current measure directly affects the Board of Accountancy.

Old Business

State Specific Ethics - Memorandum of Understanding (MOU)

The Board was briefed on pricing structures related to the State Ethics course as required in the Memorandum of Understanding with TSCPA. Meetings with TSCPA to discuss pricing have resulted in two price levels for sponsors based on the level of service offered and the frequency of presentations. Individually, CPAs may continue to earn the State Ethics credit through TSCPA's on-demand course online. Groups may choose to apply as an approved sponsor or arrange for TSCPA to present the course for a live presentation.

New Business

Mr. Roberts expressed the Board's shock and sadness over the passing of Bill Giannini, former Deputy Commissioner of the Tennessee Department of Commerce, and asked for suggestions to recognize his contribution and value to the Board. Suggestions included:

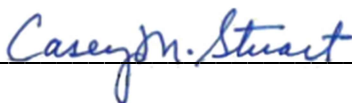
- a legislative proclamation, which may be subject to a longer-than-desired approval process
- a letter from the Board to Mr. Giannini's family.

Director Garvin and Ms. Goldstein will discuss a letter, and Mr. Eldridge will get information from legislative contacts.

Mr. Watkins reminded the Director to research the reciprocal license requirements of other states in order to compare them with our own, specifically related to CPE and the state ethics requirements

ADJOURN

The meeting was adjourned at 11:54 am.

A handwritten signature in blue ink that reads "Casey M. Stuart". The signature is written over a horizontal line.

Chair

A handwritten signature in blue ink that reads "Dara G. Moon". The signature is written over a horizontal line.

Secretary