



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
TENNESSEE STATE BOARD OF ACCOUNTANCY
500 James Robertson Parkway
Davy Crockett Tower
Nashville, TN 37243-1141
615-741-2550
Program Website:
<https://www.tn.gov/commerce/section/accountancy>

A meeting of the Tennessee State Board of Accountancy was held on Tuesday April 30, 2024,
at Davy Crockett Tower, 500 James Robertson Parkway in Conference Room 1A

MEMBERS PRESENT

Andy Bonner, Chair
Greg Gilbert, Secretary
Sam Bennett
Pamela Church
David Crenshaw
Brad Floyd
John Griesbeck
Kevin Monroe
Robert Vance

MEMBERS PARTICIPATING REMOTELY

Janet Booker-Davis

MEMBERS ABSENT

Larry Elmore, Vice-Chair

LEGAL COUNSEL

Neil Stauffer, Associate General Counsel
Chris Russell, Legal Assistant

STAFF

Wendy Garvin, Executive Director
Karen Condon, Administrative Manager
Duke Speed, Board Investigator

OTHERS ATTENDING

Kara Fitzgerald, President/CEO, TSCPA
Sara Hardee, CPA, TSCPA Peer Review Committee Chair
Scott E. Johnson, participating remotely
Emily O'Dell, participating remotely

CALL TO ORDER 8:30 am– Chairman, J. Andy Bonner

Public Disclaimer and Roll-call

Notice of this meeting of the Tennessee State Board of Accountancy, including date, time, and location, has been properly noticed and the agenda was posted to the Board of Accountancy website on Tuesday, April 23, 2024.

Individuals who wish to make a public comment on an item listed on the posted agenda during the scheduled public comment period will need to sign in on the provided sign-in sheet or by placing their name in the chat box online.

Members made their presence known via roll call.

Announcements

Board members were reminded to turn microphones on when speaking and off when finished. Visitors and members of the public were welcomed.

Review and Adopt Agenda

Motion and second to approve the meeting agenda as presented. Motion unanimously passed via roll call vote.

APPROVAL OF MEETING MINUTES

February 2, 2024 - Regular Meeting

Motion and second to approve the minutes as presented. Motion unanimously passed via roll call vote.

EXECUTIVE DIRECTOR'S REPORT

Director Garvin presented a report of Board activities and licensing matters.

Motion and second to approve the proposed meeting date Tuesday, July 29, 2025. Motion unanimously passed via roll call vote.

PEER REVIEW UPDATE – Sara Hardee, CPA, Peer Review Committee Chair, Tennessee Society of CPAs (TSCPA)

Ms. Hardee addressed the Board to provide an overview of the peer review program and the TSCPA's administration thereof.

TSCPA UPDATE – Kara Fitzgerald, CPA, CGMA, CAE, President/CEO

Ms. Fitzgerald presented an overview of TSCPA activities over the last year, and the Society's focus for the coming year.

Discussion:

- The Board appreciates TSCPA's work with colleges and students on behalf of the profession.
- A change to contractor licensing rules reduced the requirement from an audit or review to a compilation for renewing certain contractor licenses.

BOARD COMMITTEE REPORTS

Committees meet one day prior to the Board meeting to discuss agenda items, and to decide on recommendations to make to the full Board.

Licensing – Janet Booker-Davis, Chair

University of Memphis course ACCT3000, Career Development for Accounting Majors

The University of Memphis and a CPA candidate request the Board to consider the course for approval to meet the upper-division accounting education requirement.

Motion and second to approve the University of Memphis ACCT3000 course to meet the upper division accounting requirement for any candidate seeking a license in Tennessee. Motion unanimously passed via roll call vote, with Mr. Griesbeck recused.

Law and Rules – John Griesbeck, Chair

Rule 0020-01-.06 Examinations - application of new rule, 18 to 30 months

The Board considered the method of implementation of the new rule allowing 30 months for a candidate to complete all parts of the CPA exam.

Committee Motion to grant all candidates with active credit thirty months of eligibility from the initial score release date upon implementation of the new rule on May 28, 2024. Motion unanimously passed via roll call vote.

Chapter 0020-06 Peer Review Program – draft rule changes

Committee Motion to approve the proposed amendments to the peer review rules as amended by the committee.

Amendments included:

- 0020-06-.03, references to *Review Committee* changed to *Peer Review Oversight Committee*
- 0020-06-.07, paragraph 5, amended to clarify that the documents described refer to those described in paragraphs 2 and 3 of that section.

The Board wished to further amend 0020-06-.04, paragraph 8, to refer to both CPAs and firms.

Motion and second to amend the motion for approval to include this change to 0020-06-.04, paragraph 8. Motion to amend unanimously passed via roll call vote.

Original motion unanimously passed via roll call vote as amended.

Motion and second to authorize staff to move forward with a rule making hearing. Motion unanimously passed via roll call vote.

Enforcement – Kevin Monroe, Chair

Case and Complaint Report

The Committee was presented with an overview of the status of open complaints.

Legal Report

Consent Agenda

This agenda details cases in which Legal has not recommended formal discipline.

Recommendations may include closure, a letter of warning, or a letter of instruction.

1 #2024000871

2 #2024004501

3 #2023063231

4 #2024002441

5 #2024004921
6 #2024006071
7 #2024005681
8 #2024010291
9 #2024010431

Committee Motion to approve Legal's recommendations for items 1-9 of the Consent Agenda as presented. Motion unanimously passed via roll call vote.

Proposed Discipline Agenda

This agenda details cases in which discipline has been recommended.

10 #2023063251
11 #2023063261
12 #2023063801
13 #2023058931

- new information had been received by Legal and voting on this item was deferred by the Committee for review by the full Board

14 #2024000861
15 #2024003801
16 #2024001101
17 #2024000691

Committee Motion to approve Legal's recommendations for items 10-12 and 14-17 of the Proposed Discipline Agenda as amended. Motion unanimously passed via roll call vote.

Amendments included:

Item 14, Case #2024000861 amended to add language requiring the firm to comply with appropriate peer review requirements.

Additional information received regarding Item 13 regarding the Respondent's use of the CPA designation without a valid certificate did not affect the recommendation presented to the Board.

Motion and second to approve the discipline for Item 13 as proposed. Motion unanimously passed via roll call vote.

Executive – Chairman Bonner

Travel

FY24 YTD Financial Results

The Committee reviewed travel and financial details provided by Director Garvin.

NASBA UPDATES

NASBA Board of Directors – Andy Bonner

NASBA Committee Updates

CEO Selection Advisory Committee –Kevin Monroe

Communications Committee—John Griesbeck

Examination Administration Committee—Pam Church

Regulatory Response Committee—Kevin Monroe

LEGISLATIVE UPDATE – Legal Counsel

House Bill 1859 will require the Board, when denying an application that falls under the Fresh Start Act, to provide an explanation of how the conviction relates to the accounting profession. If the Board determines a conviction involves lack of good moral character, the Board would then consider the conviction under the Fresh Start Act factors to determine whether the conviction was directly related to the profession, and if so, whether the applicant should be denied.

Senate Bill 2588, as amended, requires all state entities and programs that are administratively attached to the Division of Regulatory Boards to issue Advisory private letter rulings to any affected person who is certified or licensed by such program, and who makes a request regarding any matters within the program's jurisdiction.

PUBLIC COMMENT PERIOD

Emily O'Dell, Director of the Master of Accountancy (MAcc) Program at Vanderbilt University commented on the troubles students are experiencing with NASBA's CPA Portal. Ms. O'Dell reported that application delays and difficulties are costing students time and money and have resulted in a significant barrier in seeking the CPA credential. The issues are not restricted to the Tennessee but apply to all jurisdictions that utilize NASBA's CPA Examination Services (CPAES) program.

Director Garvin noted that this is also troubling to Board staff and appreciates this information, which will be included when contacting NASBA about the exam process.

OLD/NEW BUSINESS

Service Recognition – Janet Booker-Davis and Larry Elmore

Ms. Booker-Davis and Mr. Elmore have completed their appointed time of service with the Board and Chairman Bonner presented a plaque to Ms. Booker-Davis in recognition. The Board expressed their appreciation for her service. Mr. Elmore was not able to attend the meeting and Board members sent him their appreciation and best wishes; a commemorative plaque will be sent to him.

Director Garvin announced that this is Neil Stauffer's last meeting with the Board. Laura Martin and Taylor Hilton will represent the Board until a replacement is named.

ADJOURN

The meeting was adjourned at 10:50 am.



Chair



Secretary

**Tennessee State Board of Accountancy
EXECUTIVE DIRECTOR'S REPORT
April 30, 2024**

FUTURE MEETING DATES

Tuesday July 16, 2024
Tuesday Oct 22, 2024
Tuesday Feb 4, 2025
Tuesday May 6, 2025
Tuesday July 29, 2025 - Proposed

NASBA MEETINGS

2024 Eastern Regional – June 4-6, 2024, Louisville, KY
➤ Andy, Greg, John, Pam and I plan to attend
2024 Western Regional – June 25-27, 2024, Omaha, NE
➤ Kevin plans to attend
117th Annual Meeting – Oct 27-30, 2024, Orlando, FL

NASBA ED/Board Staff and Legal Counsel Conference – March 25-27, 2024

Duke, Neil, and I attended the ED/Legal Conference in March here in Nashville. State Society CEOs are also invited and encouraged to attend. Conference topics included updates on the Professional Licensure Task Force, the CPA Exam, Use of Title/Principal Place of Business, NASBA CPE Audit Services, Mutual Recognition Agreements, Legal Cases, Emerging Issues and Legislative Updates. We also had a chance to hear from the US Department of Labor and PCAOB.

CPA EXAM

Candidate Fee Letter – Attachment 1
CPA Exam Performance 23Q4 – Attachment 2

NASBA COMMITTEE INTEREST

Planning for NASBA's 2024-2025 committee cycle has begun. Submit your interest form now through May 3, 2024. Emails were sent on March 6, 2024, with a reminder sent on March 20, 2024.

CONTRACTS

The contract with NASBA for Examination Services and our Memorandum of Understanding (MOU) with TSCPA for the Tennessee State Specific Ethics Course have both been finalized.

OUTREACH

The following outreach events have occurred since the February meeting.

- 2/20 – TSCPA WTN Chapter Meeting
- 2/26 – TSCPA/TSBOA Joint Staff Workshop
- 4/3 – TSCPA/TSBOA Leadership roundtable discussion
- 4/8-4/9 - AICPA Board of Examiners (BOE)

RENEWALS

All firm permit holders and odd numbered licensees received a renewal postcard via US mail in mid-Nov. Renewal notices were also sent via email on 11/28, 12/19 and 1/24.

On Jan 31, 2024, all license/permits not renewed incurred a \$100 late fee. Renewal statistics are as follows.

	2024 data is as of April 23, 2024								
CPAs	2024	2023	2022	2021	Firms	2024	2023	2022	2021
Renewed Licenses	8001	7798	7733	7621	Renewed Licenses	1683	1717	1773	1781
Expired Grace	353	476	457	431	Expired Grace	43	52	43	47

PERFORMANCE METRICS

Numbers are taken from Jan, Feb, and Mar 2024 Customer Focused Government (CFG) Reports

	Jan 2024	Feb 2024	Mar 2024
Average Number of Days to License (Goal is 7 days)	11	1.4	5
Case & Complaint Performance (Goal is 90% of cases resolved within 180 days)	74%	88%	89%
Online Adoption Rate (Goal is 80% across division)	100%	94%	100%

NEW LICENSES ISSUED

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021 Total
Individual Licenses	184	137	173	195	689
Firm Permits	22	18	13	16	69

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022 Total
Individual Licenses	147	133	183	148	611
Firm Permits	15	10	20	21	66

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023 Total
Individual Licenses	127	113	122	125	487
Firm Permits	22	12	11	24	69

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024 Total
Individual Licenses	153				153
Firm Permits	19				19

New Candidates – CPA Exam	
2023	637
2022	558
2021	568
2020	610
2019	725
2018	730
2017	870

LICENSING – OVERALL POPULATION

	Individual CPAs				
	Mar 2023	Jun 2023	Sept 2023	Dec 2023	Mar 2024
Active	11754	11934	12047	11348	11857
Closed	4201	4206	4213	4282	4318
Expired License	3691	4077	4060	4042	4022
Inactive	4331	4352	4364	4209	4378
Retired 65	1016	1010	1010	1009	955
Expired Grace	492	0	0	926	367
Revoked	69	69	70	69	70
Retired	93	93	93	92	92
Disabled	34	34	34	34	31
Suspended	3	2	2	2	2
Active Military	4	4	4	3	4
Probation	2	2	2	2	2

	Firms				
	Mar 2023	Jun 2023	Sept 2023	Dec 2023	Mar 2024
Active	1758	1769	1777	1508	1724
Closed	2640	2648	2653	2691	2708
Expired Grace	53	0	0	261	46
Expired License	360	406	403	401	400
Revoked	28	28	29	29	30
Probation	1	1	1	0	0



PROMETRIC



March 6, 2024

Dear State Board Chair/President and Executive Director:

This letter will officially communicate information regarding candidate fees for the Uniform CPA Examination ("Examination") for calendar year 2025 and serve as a reminder regarding 2024 fees.

Prometric Fees

As announced in last year's February 7, 2023 fee letter, effective January 1, 2024, the final Prometric bi-annual COLA adjustment of the current contract which expires on December 31, 2024 went into effect. As such, the Prometric hourly fee increased from \$21.21 to \$22.06 and the Prometric security fee per exam section increased from \$6.31 to \$6.56 on January 1, 2024.

Contract negotiations remain underway with Prometric to finalize new contract provisions and terms which will be effective on January 1, 2025. We are pleased to announce, however, that the 2025 fees have been negotiated. Going forward Prometric fees will be simply on a per testing event basis. Given this, the Prometric fee per test section (for standard seat time) will be \$97.64 for 2025. This includes both the seat time and the security fee.

AICPA Fees

As also announced in the fee letter of February 7, 2023, the AICPA per section examination fee increased from \$120.00 to \$130.00 on January 1, 2024. The AICPA per section examination fee will increase from \$130.00 to \$135.00 beginning January 1, 2025.

NASBA Fees

The NASBA fee per examination section increased from \$27.00 to \$30.00 beginning January 1, 2024, as also announced in the February 7, 2023 fee letter. The NASBA per section fee will remain at \$30.00 for 2025.

Implementation Schedule

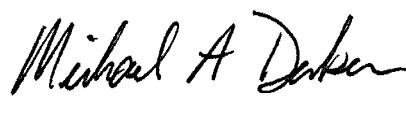
The following table summarizes the current 2024 fees and the 2025 fees.

Year	NASBA Section Fee	AICPA Section Fee	Prometric Hourly Fee	Prometric Security Fee
2024	\$30.00	\$130.00	\$22.06	\$6.56
Year	NASBA Section Fee	AICPA Section Fee	Prometric Section Fee	Prometric Security Fee
2025	\$30.00	\$135.00	\$97.64	N/A

The candidate cost per section (AUD, FAR, REG, BAR, ISC and TCP) is \$254.80 and \$262.64 in 2024 and 2025, respectively. The listed costs are for standard seat time. As a reminder, the cost per section is the same for all core and discipline sections, as all sections are four hours in length.

Patricia Hartman, Director, Client Services at NASBA will provide information on the implementation of the new fee schedule later this month.

Sincerely,



Michael Decker
AICPA Vice President,
Examinations and Pipeline



Missy Pydo
Prometric Vice President, Growth
Leader North America



Colleen K. Conrad
NASBA Executive Vice
President & Chief Operating
Officer

CPA Exam Performance Summary: 2023 Q-4 Tennessee

Overall Performance

Unique Candidates	842
New Candidates	208
Total Sections	1,156
Passing 4th Section	97
Sections / Candidates	1.37
Pass Rate	45.42%
Average Score	70.49

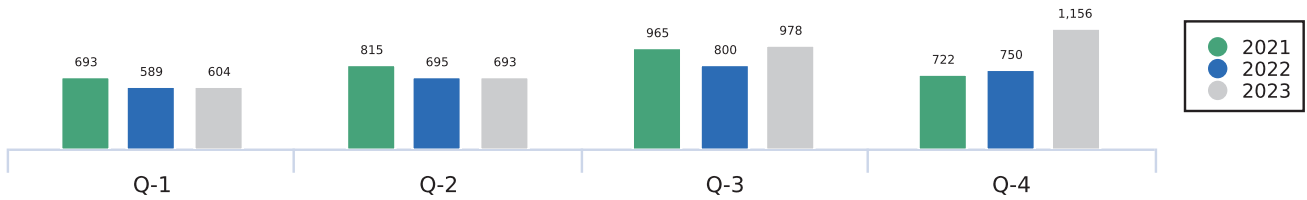
Section Performance

	Sections	Score	% Pass
First-Time	155	70.03	47.74%
Re-Exam	996	70.57	45.08%
AUD	266	73.32	54.14%
BEC	570	69.31	40.7%
FAR	161	69.48	39.75%
REG	159	71.04	53.46%

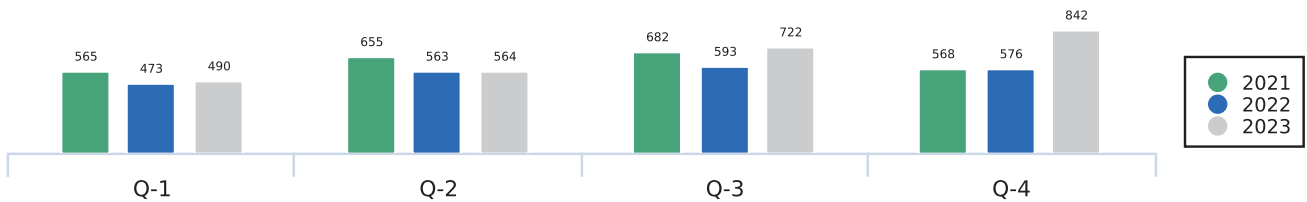
Jurisdiction Ranking

Candidates	Sections
19	18
Pass Rate	Avg Score
17	14

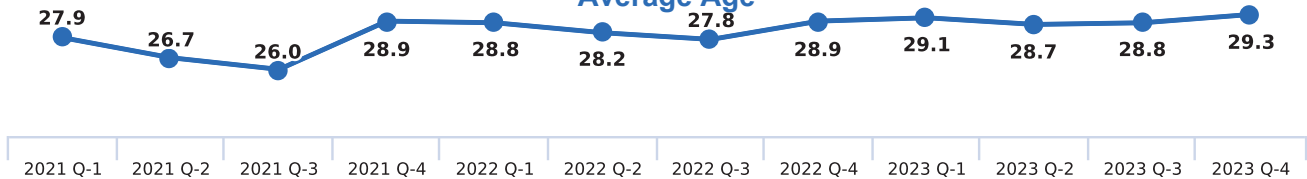
Sections



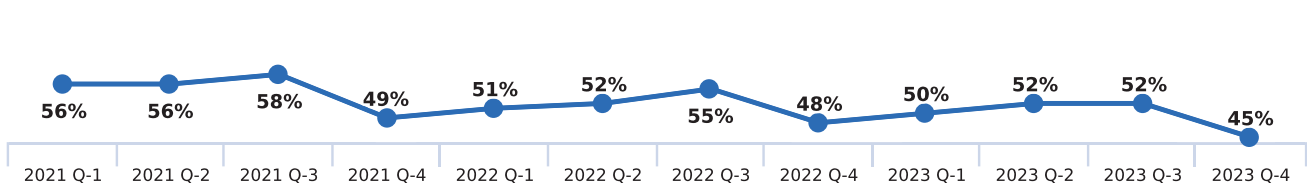
Candidates



Average Age



% Pass



CPA Exam Performance Summary: 2023 Q-4

Tennessee

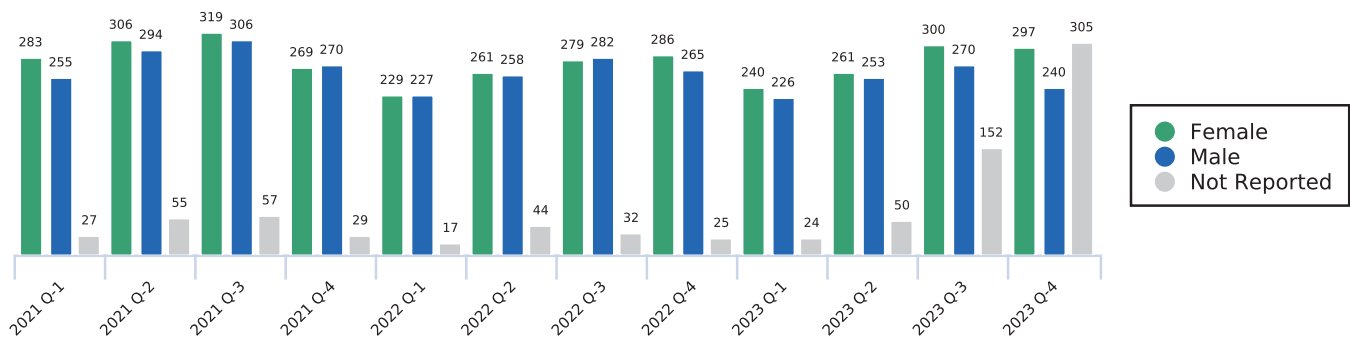
Degree Type

	Candidates	% Total
Bachelor's Degree	569	67.6%
Advanced Degree	199	23.6%
Enrolled / Other	74	8.8%

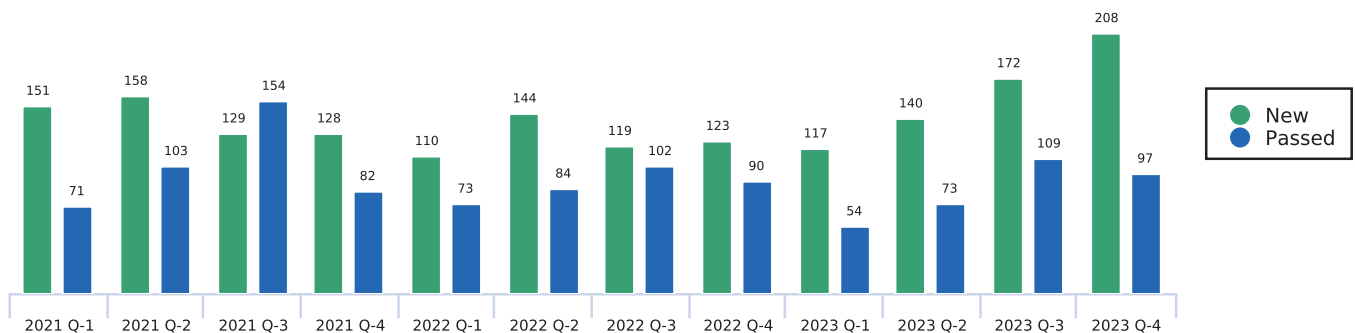
Residency

	Candidates	% Total
In-State Address	678	80.52%
Out-of-State Address	142	16.86%
Foreign Address	22	2.61%

Gender



New Candidates vs Candidates Passing 4th Section



Notes:

1. The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 jurisdictions.
 2. The demographic data related to age, gender, and degree type is provided by the individual candidates and may not be 100% accurate.
 3. Some jurisdictions do not require candidates to report certain demographic data nor complete surveys gathering such data on a voluntary basis.
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CPA Exam Performance Summary: 2023 Q-4

Overall

Overall Performance

Unique Candidates	56,186
New Candidates	15,731
Total Sections	74,358
Passing 4th Section	6,442
Sections / Candidates	1.32
Pass Rate	42.43%
Average Score	69.24

Section Performance

	Sections	Score	% Pass
First-Time	14,267	67.75	43.49%
Re-Exam	59,899	69.6	42.19%
AUD	15,802	70.58	46.42%
BEC	37,726	68.50	38.18%
FAR	10,221	66.88	39.36%
REG	10,609	72.15	54.60%

Most Candidates

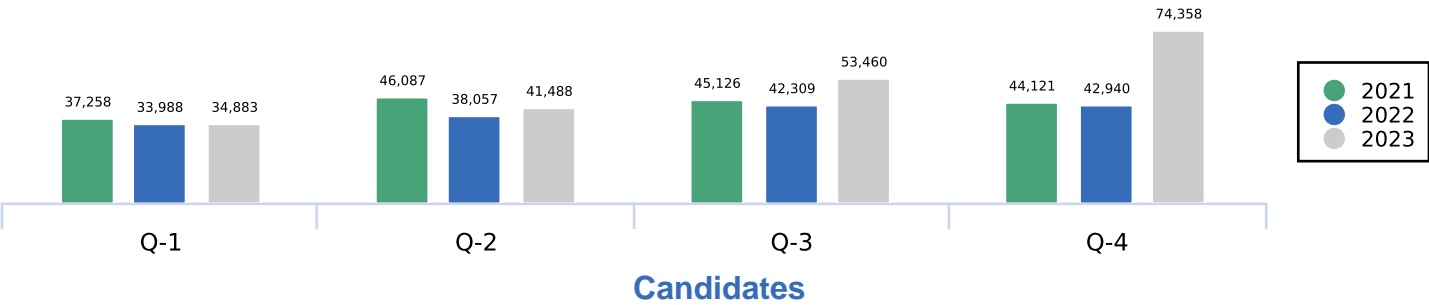
1. California	8,064
2. New York	5,973
3. Texas	3,731

Top 3 Jurisdictions

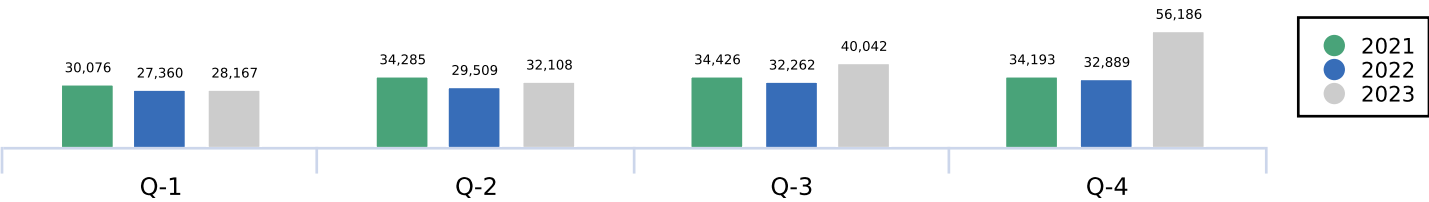
Highest Pass Rate

1. Utah	55.57%
2. Iowa	51.90%
3. Nebraska	50.79%

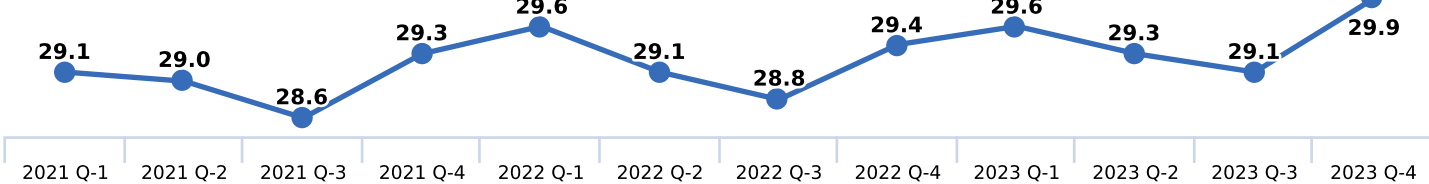
Sections



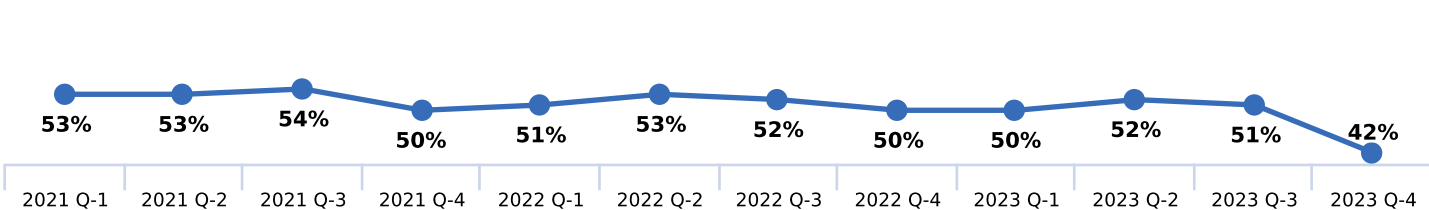
Candidates



Average Age



% Pass



CPA Exam Performance Summary: 2023 Q-4

Overall

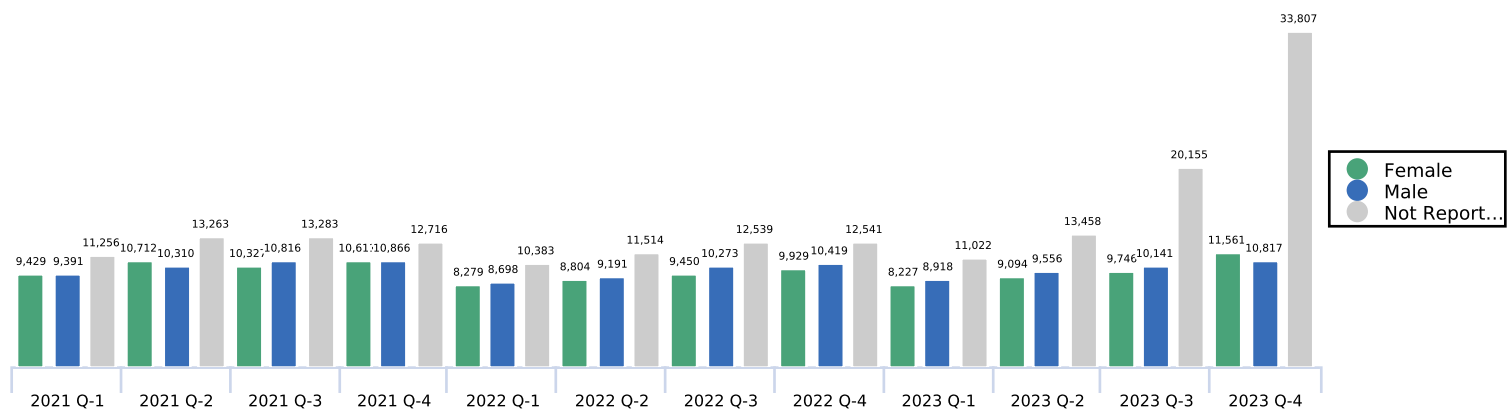
Degree Type

	Candidates	% Total
Bachelor's Degree	32,908	58.6%
Advanced Degree	11,950	21.3%
Enrolled / Other	11,327	20.2%

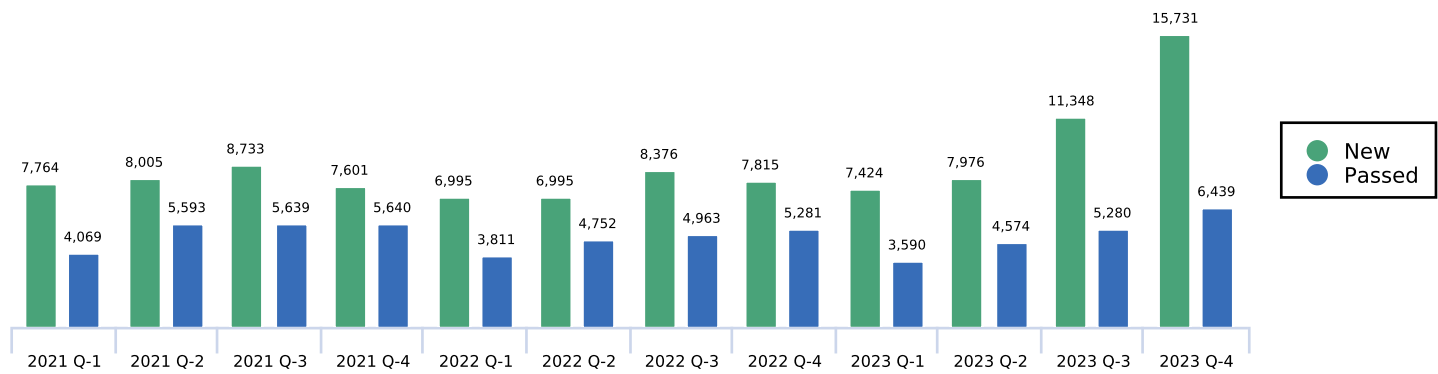
Residency

	Candidates	% Total
In-State Address	38,934	69.3%
Out-of-State Address	7,263	12.93%
Foreign Address	9,988	17.78%

Gender



New Candidates vs Candidates Passing 4th Section



Notes:

1. The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 jurisdictions.
 2. The demographic data related to age, gender, and degree type is provided by the individual candidates and may not be 100% accurate.
 3. Some jurisdictions do not require candidates to report certain demographic data nor complete surveys gathering such data on a voluntary basis.
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Overall Statistics for Testing Window 2023 Q-4

Jurisdiction	Count Candidate	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Alabama	616	791	216	563	39.57%	69.15	28.01
Alaska	1,748	2,266	355	1,910	39.85%	68.89	31.82
Arizona	821	1,074	235	837	46.37%	70.27	30.32
Arkansas	322	429	90	337	44.76%	70.40	28.39
California	8,064	10,353	2,884	7,435	41.34%	68.50	30.50
Colorado	803	1,076	148	923	45.63%	71.39	30.08
Connecticut	606	811	104	707	35.14%	67.64	28.76
Delaware	124	168	12	156	35.71%	66.73	35.76
District of Columbia	119	151	15	134	45.70%	70.49	29.38
Florida	2,190	2,879	252	2,618	44.49%	69.99	30.54
Georgia	1,407	1,895	273	1,612	39.95%	68.84	30.72
Guam	2,743	3,474	821	2,649	38.14%	67.26	30.06
Hawaii	170	226	29	196	41.15%	67.37	30.32
Idaho	236	317	71	246	45.11%	70.25	31.39
Illinois	2,568	3,516	869	2,631	46.96%	70.44	28.40
Indiana	717	997	151	845	43.13%	70.04	28.47
Iowa	346	474	78	396	51.90%	72.61	26.78
Kansas	148	204	38	166	46.08%	69.89	30.91
Kentucky	416	545	116	428	43.12%	69.30	30.15

Jurisdiction	Count Candidate	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Louisiana	498	668	91	577	38.92%	67.01	29.15
Maine	588	814	179	635	40.66%	67.90	33.70
Maryland	631	842	143	699	40.38%	68.01	31.89
Massachusetts	1,311	1,736	260	1,475	46.08%	70.83	27.38
Michigan	1,134	1,552	201	1,349	42.98%	69.88	28.61
Minnesota	697	955	175	777	48.69%	72.05	27.75
Mississippi	309	416	112	299	35.34%	66.85	28.47
Missouri	856	1,126	184	939	46.18%	71.03	27.30
Montana	1,214	1,642	408	1,234	49.82%	71.76	30.16
Nebraska	141	189	31	158	50.79%	72.45	28.00
Nevada	334	447	119	326	40.49%	68.25	29.66
New Hampshire	406	561	24	536	36.01%	67.14	33.93
New Jersey	1,400	1,875	234	1,638	35.25%	66.65	29.16
New Mexico	152	192	21	170	35.94%	67.78	35.53
New York	5,973	8,004	994	6,998	41.39%	68.81	29.07
North Carolina	1,157	1,470	450	1,019	44.83%	70.25	28.52
North Dakota	596	700	291	408	27.29%	63.27	31.30
Ohio	1,429	1,898	321	1,573	46.36%	70.68	27.81
Oklahoma	357	488	123	361	38.11%	68.14	31.08
Oregon	364	506	84	420	43.08%	70.34	31.22

Jurisdiction	Count Candidate	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Pennsylvania	1,907	2,510	395	2,111	39.04%	68.30	28.78
Puerto Rico	375	467	55	412	22.91%	60.29	30.39
Rhode Island	87	111	9	101	37.84%	68.73	30.03
South Carolina	345	466	80	386	44.64%	71.09	29.38
South Dakota	77	96	26	69	46.88%	72.61	29.77
Tennessee	842	1,156	155	996	45.42%	70.49	29.26
Texas	3,731	5,023	857	4,155	42.05%	69.25	30.93
Utah	511	709	125	581	55.57%	73.68	29.68
Vermont	127	218	66	152	42.66%	69.98	28.77
Virginia	1,567	2,077	493	1,575	44.34%	70.22	30.90
Washington	2,205	2,866	597	2,262	47.03%	70.58	32.44
West Virginia	118	153	54	96	36.60%	68.09	27.97
Wisconsin	543	729	144	582	48.15%	71.38	26.79
Wyoming	40	50	9	41	40.00%	66.82	34.22