



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 Friday, February 2, 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
Kevin Monroe

LEGAL COUNSEL

Neil Stauffer, Associate General Counsel

STAFF

Wendy Garvin, Executive Director
Karen Condon, Board Staff
Duke Speed, Board Investigator

MEMBERS PARTICIPATING REMOTELY

Larry Elmore, Vice-Chair
Janet Booker-Davis
John Griesbeck

OTHERS ATTENDING

Katie Cheek, Chief Operating Officer, TSCPA
Dan Dustin, CPA, VP State Board Relations, NASBA
Kara Fitzgerald, President/CEO, TSCPA

MEMBERS ABSENT

Robert Vance

CALL TO ORDER – Chairman, J. Andy Bonner

Public Disclaimer and Roll-call

Notice of the meeting date, time, location, and agenda was posted to the Board's website on January 26, 2024.

Those wishing to make public comment may sign in or message the Board via the online meeting chat. Guests are asked to limit comments to no more than three minutes in consideration of others wishing to comment.

Members made their presence known via roll call and a quorum was established, with seven members present in person.

Announcements

Chairman Bonner welcomed newly-appointed member Sam Bennett, as well as the guests in attendance.

Members and guests were reminded to speak into the microphones to ensure proper recording and to appropriately mute themselves if attending remotely.

Adopt Robert's Rules of Order

Motion and second to adopt Robert's Rules of Order. Motion unanimously passed via roll call vote.

Review and Adopt Agenda

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

APPROVAL OF MEETING MINUTES

October 20, 2023 - Regular Meeting

The minutes had been distributed to members prior to the meetings, and certain revisions had been suggested.

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

EXECUTIVE DIRECTOR'S REPORT – Wendy Garvin, Executive Director

Director Garvin presented her report, which included:

- Future Meeting Dates
 - Tuesday, May 6, 2025, was proposed
- NASBA Meetings
- CPA Exam
- Credit Relief Initiative
 - The Board identified 375 eligible candidates and has to date granted extensions to 97 individuals.
- Communications
- Contracts
 - NASBA contract for Examination Services
 - Update to the TSCPA Memorandum of Understanding
- Outreach
- Renewals
- Performance Metrics
- New Licenses Issued
- License Statistics

Motion and second to approve the proposed meeting date of Tuesday, May 6, 2025. Motion unanimously passed via roll call vote.

PROFESSIONAL LICENSURE TASKFORCE – Dan Dustin, CPA, VP, State Board Relations, NASBA

Mr. Dustin provided an update on the work being done by the Professional Licensure Taskforce. Due to the decline in individuals seeking CPA licensure, the task force was established by 2023/2024 NASBA Chair, Stephanie Saunders, to consider new concepts or equivalent pathway(s) for CPA licensure that may be included in the Uniform Accountancy Act. Dustin outlined the concept of a Structured Professional Program (SPP).

Stakeholder feedback was requested. Specifically, do stakeholders believe that the Professional Licensure Task Force should continue to focus its discussion on an equivalent path to licensure that defines a SPP that would qualify an individual for licensure as a CPA?

Comments:

- Is the profession pretending they are not getting rid of the 150-hour requirement while doing away with 150-hour requirement?
- In some cases, the extra 30 hours is being filled with CPA exam prep courses, long internships, credit for passing the exam etc. What is the intent of the 150 hours?
- Have we stripped the meaning of the 150 hours by allowing candidates to sit for the Exam after receiving their bachelor's degree?
- Remaining cognizant of effects of any actions taken and how that may impact colleges and universities, especially smaller brick and mortar institutions.
- Consider surveying recent graduates and those who did not choose an accounting pathway to determine if any alternative pathway(s) would be of interest. Are we making judgment calls on whether changes would have an impact without relevant data?
- NASBA and other groups studying this issue are committed to data driven work.
- Are new college graduates equipped to provide value in their entry level positions?

BOARD COMMITTEE REPORTS

Committees met on Thursday, February 1, 2024 (one day prior to the Board meeting) to discuss agenda items, and to provide recommendations to make to the full Board.

Enforcement – Kevin Monroe

Case and Complaint Report

The Committee reviewed an overview of the status of open complaints, excluding those on today's legal report.

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. 2023052131

The report was revised by the Committee to remove the sentence "The by-laws do not require a full financial audit."

2. 2023043591

3. 2023040951

4. 2023043081

5. 2023042361

6. 2023042371

7. 2023062271

8. 2023036251

Motion and second to accept the Committee's recommendation to approve Legal's recommendations for items 1-8 of the Consent Agenda as revised. Motion unanimously passed via roll call vote.

Proposed Discipline Agenda

This agenda details cases in which discipline has been recommended.

9. 2023051161

10. 2023046741, 2023047501, 2023049641

11. 2023048061

Motion and second to accept the Committee's recommendation to approve Legal's recommendations for items 9-11 of the Proposed Discipline Agenda as presented. Motion unanimously passed via roll call vote.

12. There are 19 related complaints:

2023046061,	2023049481,	2023047531,
2023046101,	2023050581,	2023047551,
2023046921,	2023052951,	2023049951,
2023046901,	2023063471,	2023053931,
2023047701,	2023046111,	2023056081
2023048651,	2023046821,	
2023048981,	2023046861,	

The Committee had previously discussed these complaints at length and did not make a recommendation to the Board pending anticipated significant Board discussion.

Discussion:

- The volume of complaints along with the demonstration of misconduct cause concern from a public protection standpoint.
- The Respondent is facing criminal investigation and numerous civil proceedings.
- The Respondent has closed their CPA license and indicated a willingness to surrender the license through revocation.

- The probability of a civil penalty being collected.
- In a possible future bankruptcy proceeding, creditors would likely be first in line to recoup losses.
- The Board's first concern should be protecting the public.
- A recommendation for revocation may have a stronger impact than a monetary penalty, as it bars the Respondent from the profession in Tennessee.
- Civil penalties may be more appropriate for individuals who wish to continue to practice, which is not the case here.

Motion and second to approve a revised recommendation to read:

Close complaint #2023063471. Regarding all remaining complaints, authorize a Formal Hearing with the authority to settle via Consent Order upon the Respondent's agreement to have his individual CPA license and firm permit revoked permanently without the right to request reinstatement.

Further discussion:

- There are two Respondents—the firm and the individual CPA. Is the proposed action consistent with past discipline imposed by the Board?
- Some members felt there should be civil penalties, in addition to the revocation, due to the severity of the violation.
- This could set a precedent for others to do terrible things and then just give up their license and move on. For some, depending on what they benefited from their wrongdoing, it would be worth it to them to do wrong and just give up license.
- Though a penalty may be warranted, the current proposal would prevent the individual from applying for a license in the future.
- The Board cannot revoke the license now and reserve the right to assess penalties later based on result of legal proceedings.
- Any future complaints would likely be closed as the Respondent would have been expelled from the profession and no longer under the overview of the Board. The Board may review additional complaints that stem from violations that occurred while the Respondent was still a licensee. There may be other victims that have not yet filed a complaint.

Motion passed by the majority via roll call vote, with Mr. Elmore and Ms. Booker-Davis opposed.

Re-presentation Agenda

This agenda details cases which were previously heard by the Board, and for which Legal has received new information.

13. 2023024191

Motion and second to accept the Committee's recommendation to approve Legal's recommendation as presented. Motion unanimously passed via roll call vote.

Executive – Chairman Bonner

Travel

The Committee was provided an update on costs related to travel by the Executive Director and Investigator.

FY24 Financial Results

The Board reviewed details of the FY24 YTD financial results.

FY25 Budget

Motion and second to approve the proposed budget for FY25. Motion unanimously passed via roll call vote.

NASBA UPDATES

NASBA Board of Directors – Andy Bonner

NASBA Committee Updates, as needed

Regulatory Response Committee—Kevin Monroe and John Griesbeck

Computer-based Testing Committee—Pam Church

Board of Examiners—Wendy Garvin

Ethics Committee—Greg Gilbert

LEGISLATIVE UPDATE – Legal Counsel

Rule changes approved by the Board are under review by the Attorney General.

A proposed bill would affect the Fresh Start Act, requiring that upon appeal of a Fresh Start decision there must be clear and convincing evidence that the violation was related directly to the profession.

Under this bill, certain convictions will not be considered if occurring more than three years ago. Kara Fitzgerald noted that TSCPA's lobbying team is aware of the bill and is providing language to the bill's sponsors to exclude those professions requiring a 4-year degree, which would exempt Accountancy from this limitation.

PUBLIC COMMENT PERIOD

No members of the public have indicated a wish to comment.

OLD/NEW BUSINESS

No further business was brought to the Board's attention.

ADJOURN

Chairman Bonner adjourned the meeting at 11:40 am.



Chair



Secretary

**Tennessee State Board of Accountancy
EXECUTIVE DIRECTOR'S REPORT
February 2, 2024**

FUTURE MEETING DATES

Tuesday April 30, 2024

Tuesday July 16, 2024

Tuesday Oct 22, 2024

Tuesday Feb 4, 2025

Tuesday May 6, 2025 - Proposed

NASBA MEETINGS

Executive Directors/Board Staff and Legal Counsel Conference – March 25-27, 2024,
Nashville, TN – Duke, Neil and I plan to attend.

2024 Eastern Regional – June 4-6, 2024, Louisville, KY

2024 Western Regional – June 25-27, 2024, Omaha, NE

117th Annual Meeting – Oct 27-30, 2024, Orlando, FL

NASBA 116th Annual Meeting – Oct 29 – Nov 1, 2023

Representatives from 50 US Boards of Accountancy came together for this annual meeting. I attended in person along with board members Andy Bonner, Greg Gilbert and Brad Floyd. Janet Booker-Davis and Larry Elmore attended virtually. Notable sessions include an update on CPA Evolution and the new Exam, a case study in the ethical use of AI, proposed changes to the Uniform Accountancy Act (UAA) - Peer Review rules, Board Structure and Public Protection, and updates from NASBA and AICPA leadership. Lastly, President and CEO, Ken Bishop announced his retirement effective July 31, 2024.

At its Oct 31, 2023 meeting, NASBA's Board of Directors approved a formal process and Selection Advisory Committee to determine Mr. Bishop's successor. Board member Kevin Monroe was selected to serve on this committee. At the same meeting, Chairman Andy Bonner, was elected to serve as NASBA's Treasurer for the upcoming year.

CPA EXAM

CPA Exam Performance 23Q3 – Attachment 1

CREDIT RELIEF INITIATIVE

At the Oct meeting, the Board voted to authorize a one-time credit relief initiative to address continuing concerns regarding the CPA pipeline and a recognition of the many candidate hardships experienced during the global pandemic. The approval authorized the Executive Director to consider individual candidate requests to extend credit periods through June 30, 2025, for CPA Examination credits that expired from January 30, 2020 through May 11, 2023, which have not been subsequently replaced by new credits of the same sections. We identified 375 eligible candidates and communicated the opportunity to them via email. We have granted extensions to 97 individuals.

COMMUNICATIONS

The Winter newsletter was distributed via email on Jan 18, 2024. Access to all newsletters is available on our [website](#).

CONTRACTS

I am working with TDCI contracts division to update both our contract with NASBA for Examination Services and our Memorandum of Understanding (MOU) with TSCPA for the Tennessee State Specific Ethics Course. We don't foresee any issues with either.

OUTREACH

The following outreach events have occurred since the October meeting.

- 11/8/2023 CPA 101/CPA Evolution Virtual Event – Sponsored by TSCPA
- 11/9/2023 TSCPA Interim Council Meeting
- 11/16/2023 TSCPA Upper Cumberland Chapter Meeting
- 12/7/2023 Lipscomb CPE Event with Board member Kevin Monroe
- 12/19/2023 TSCPA Knoxville Chapter Meeting and Young Leadership Development Program
- 1/12/2024 TSCPA Future Leadership Summit
- AICPA Board of Examiners (BOE), NASBA CBT Admin Committee meetings

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 1/25/2024								
CPAs	2024	2023	2022	2021	Firms	2024	2023	2022	2021
Renewed Licenses	7719	7452	7218	7139	Renewed Licenses	1631	1659	1686	1625
Expired Grace	668	848	1026	965	Expired Grace	100	120	143	222

PERFORMANCE METRICS

Numbers are taken from Oct, Nov, and Dec 2023 Customer Focused Government (CFG) Reports

	Oct 2023	Nov 2023	Dec 2023
Average Number of Days to License (Goal is 7 days)	6.2	3.0	12.1
Case & Complaint Performance (Goal is 90% of cases resolved within 180 days)	79%	77%	77%
Online Adoption Rate (Goal is 80% across division)	97%	100%	100%

NEW LICENSES ISSUED

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020 Total
Individual Licenses	145	103	179	168	595
Firm Permits	30	15	19	19	83
	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

New Candidates – CPA Exam	
2023	429 through Q3 (+56 vs 2022)
2022	558
2021	568
2020	610
2019	725
2018	730
2017	870

LICENSING – OVERALL POPULATION

	Individual CPAs				
	Dec 2022	Mar 2023	Jun 2023	Sept 2023	Dec 2023
Active	10979	11754	11934	12047	11348
Closed	4167	4201	4206	4213	4282
Expired License	3708	3691	4077	4060	4042
Inactive	4086	4331	4352	4364	4209
Retired 65	1036	1016	1010	1010	1009
Expired Grace	1432	492	0	0	926
Revoked	69	69	69	70	69
Retired	87	93	93	93	92
Disabled	34	34	34	34	34
Suspended	3	3	2	2	2
Active Military	3	4	4	4	3
Probation	2	2	2	2	2

	Firms				
	Dec 2022	Mar 2023	Jun 2023	Sept 2023	Dec 2023
Active	1521	1758	1769	1777	1508
Closed	2620	2640	2648	2653	2691
Expired Grace	285	53	0	0	261
Expired License	365	360	406	403	401
Revoked	27	28	28	29	29
Probation	0	1	1	1	0

CPA Exam Performance Summary: 2023 Q-3

Tennessee

Overall Performance

Unique Candidates	722
New Candidates	172
Total Sections	978
Passing 4th Section	109
Sections / Candidates	1.35
Pass Rate	51.84%
Average Score	72.22

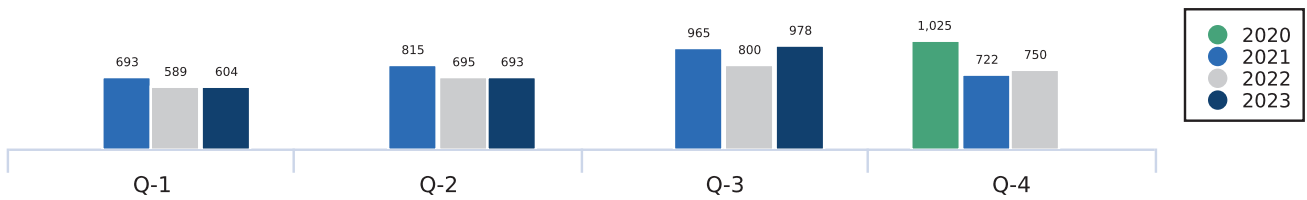
Section Performance

	Sections	Score	% Pass
First-Time	227	71.91	54.19%
Re-Exam	748	72.33	51.2%
AUD	258	70.99	44.57%
BEC	329	75.24	58.05%
FAR	218	68.56	46.33%
REG	173	72.91	57.8%

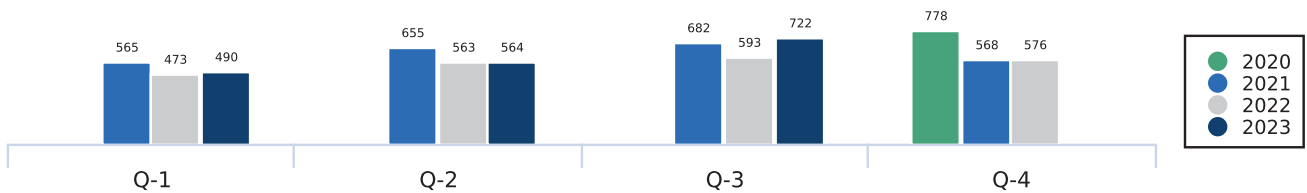
Jurisdiction Ranking

Candidates	Sections
19	19
Pass Rate	Avg Score
25	26

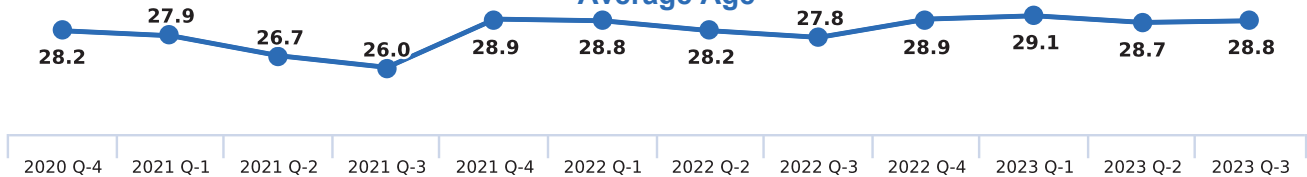
Sections



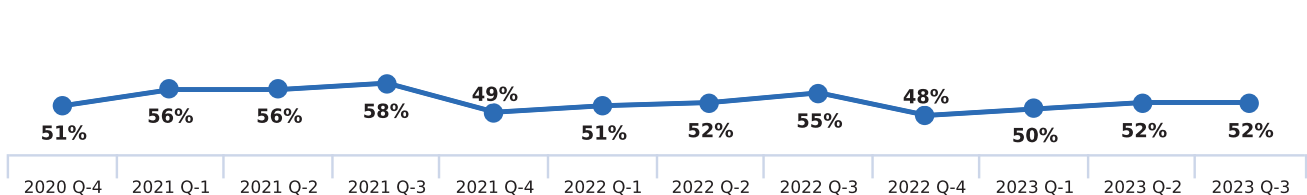
Candidates



Average Age



% Pass



CPA Exam Performance Summary: 2023 Q-3

Tennessee

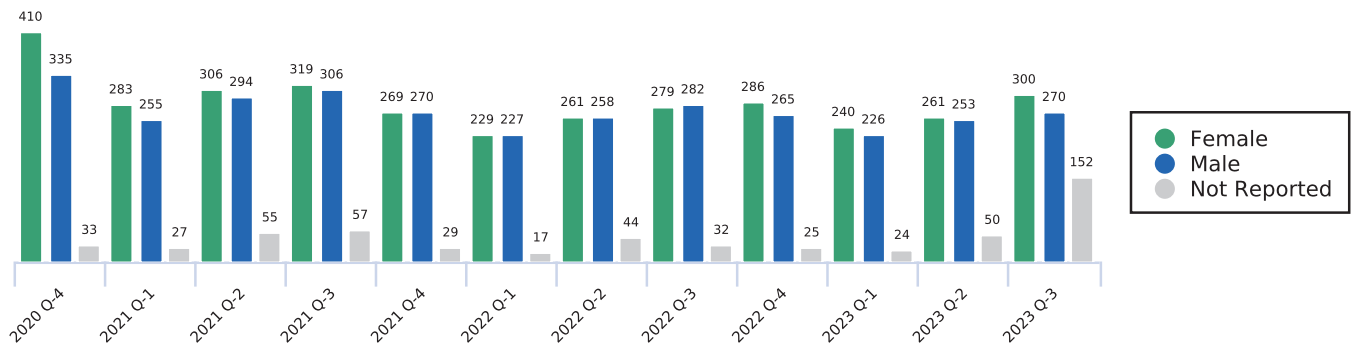
Degree Type

	Candidates	% Total
Bachelor's Degree	526	72.9%
Advanced Degree	184	25.5%
Enrolled / Other	12	1.7%

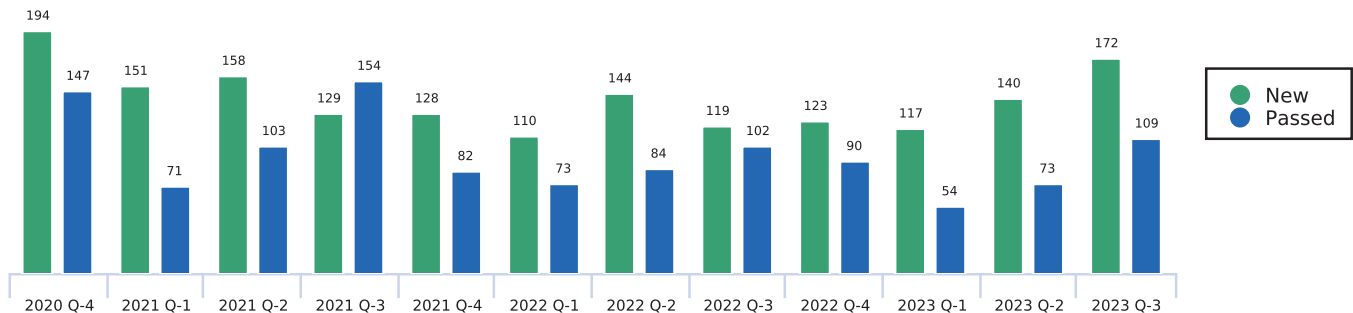
Residency

	Candidates	% Total
In-State Address	559	77.42%
Out-of-State Address	149	20.64%
Foreign Address	14	1.94%

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-3

Overall

Overall Performance

Unique Candidates	40,044
New Candidates	11,349
Total Sections	53,459
Passing 4th Section	5,244
Sections / Candidates	1.34
Pass Rate	50.96%
Average Score	71.91

Section Performance

	Sections	Score	% Pass
First-Time	14,278	71.36	53.49%
Re-Exam	39,035	72.12	50.06%
AUD	12,188	70.71	45.64%
BEC	19,948	74.27	54.90%
FAR	12,391	68.11	44.08%
REG	8,932	73.53	58.99%

Most Candidates

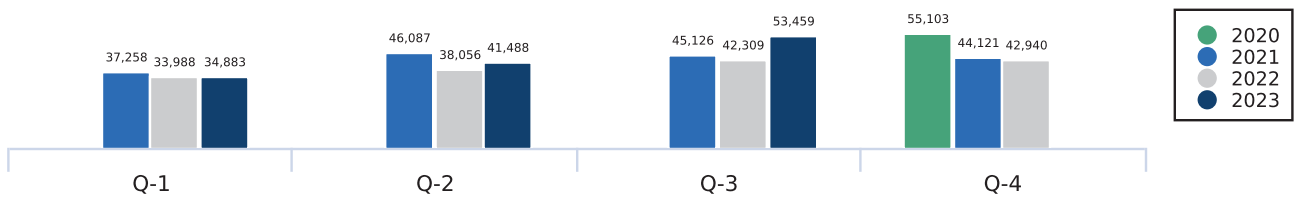
1. California	5,267
2. New York	4,319
3. Texas	2,849

Top 3 Jurisdictions

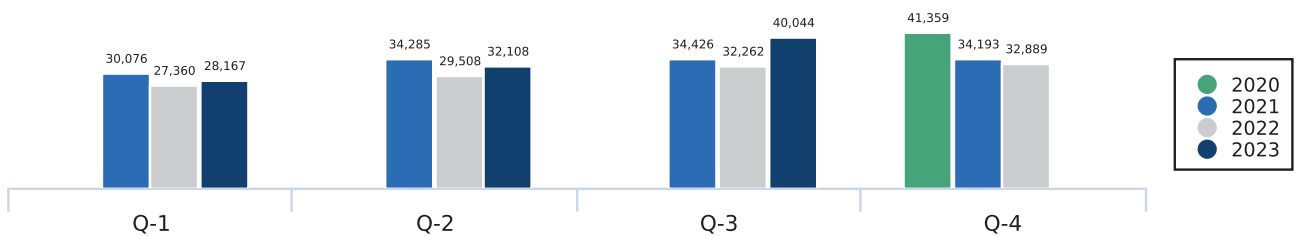
Highest Pass Rate

1. South Dakota	65.85%
2. Nebraska	64.81%
3. Iowa	62.38%

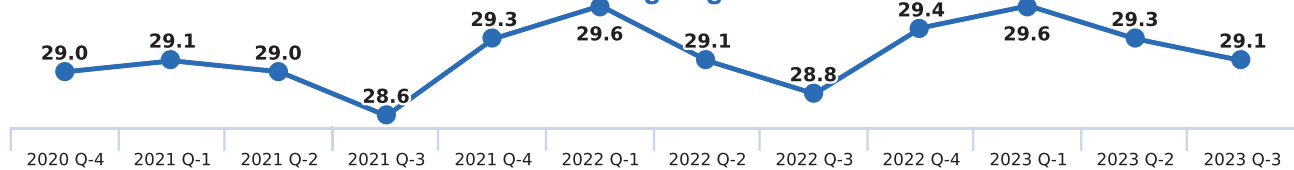
Sections



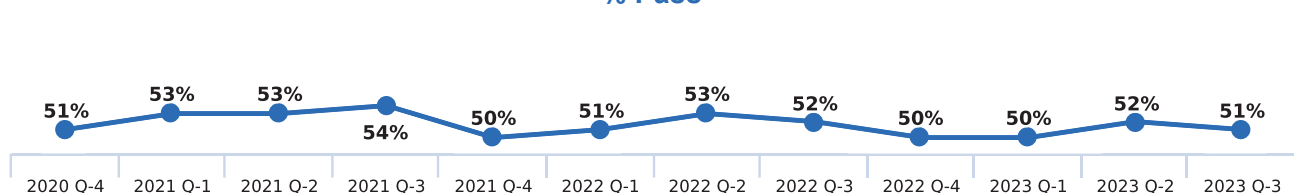
Candidates



Average Age



% Pass



CPA Exam Performance Summary: 2023 Q-3

Overall

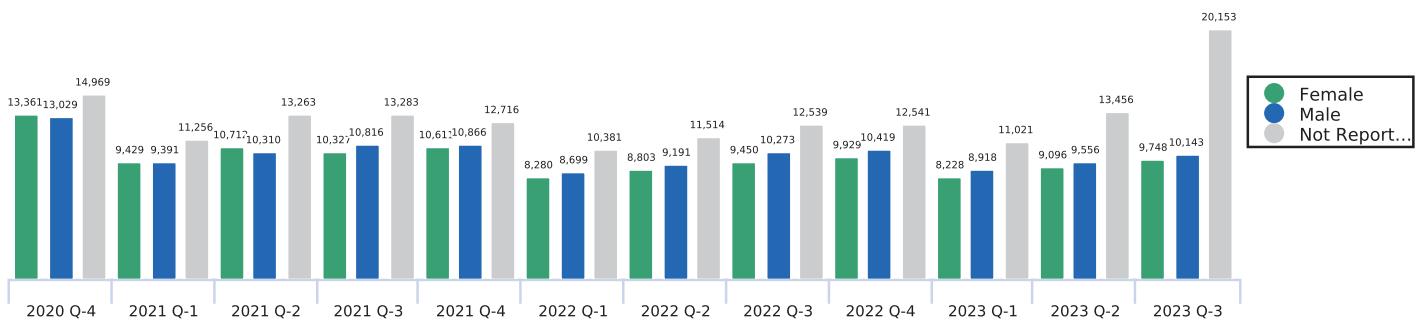
Degree Type

	Candidates	% Total
Bachelor's Degree	26,339	65.8%
Advanced Degree	9,432	23.6%
Enrolled / Other	4,273	10.7%

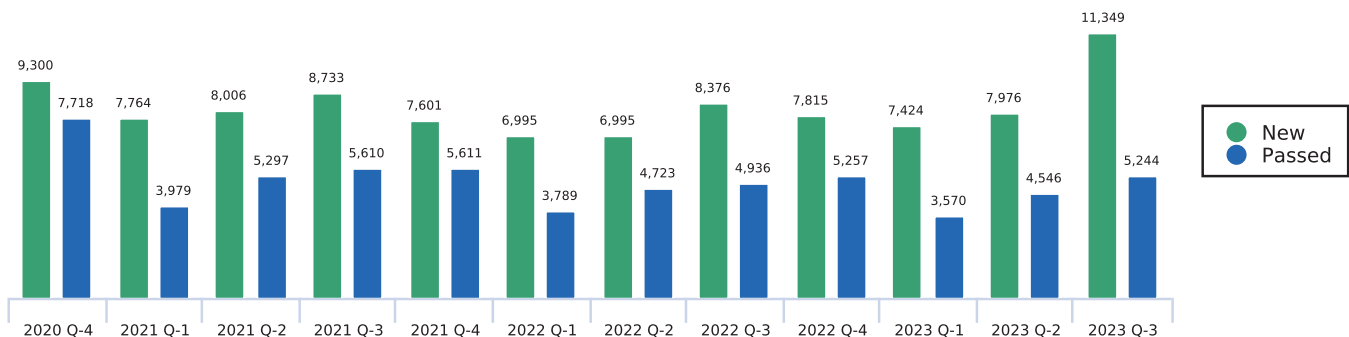
Residency

	Candidates	% Total
In-State Address	27,787	69.39%
Out-of-State Address	5,635	14.07%
Foreign Address	6,622	16.54%

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-3

Jurisdiction	Count Candidate	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Alabama	394	529	146	382	46.69%	71.41	27.82
Alaska	1,348	1,759	433	1,324	46.62%	70.74	31.61
Arizona	534	717	149	567	52.02%	72.05	30.10
Arkansas	260	341	94	246	52.49%	72.79	27.80
California	5,267	6,870	2,101	4,754	50.10%	71.27	30.04
Colorado	608	823	198	619	56.50%	73.47	29.39
Connecticut	425	579	119	456	45.77%	70.44	27.95
Delaware	87	106	15	91	44.34%	68.59	33.03
District of Columbia	104	127	34	92	58.27%	74.48	28.20
Florida	1,504	1,972	428	1,536	50.66%	72.01	29.88
Georgia	1,041	1,373	271	1,094	49.38%	71.14	29.52
Guam	1,722	2,270	778	1,489	46.70%	70.04	29.57
Hawaii	117	158	29	128	44.30%	70.47	29.52
Idaho	151	192	59	133	50.00%	72.81	30.43
Illinois	1,856	2,622	845	1,770	54.65%	73.25	27.05
Indiana	598	897	345	551	52.73%	73.51	26.99
Iowa	294	404	101	303	62.38%	74.93	26.48
Kansas	99	124	43	81	60.48%	74.92	29.14
Kentucky	297	376	105	270	51.06%	72.59	29.68

Jurisdiction	Count Candidate	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Louisiana	354	444	106	337	47.07%	70.34	29.28
Maine	437	617	191	424	48.62%	69.53	33.25
Maryland	462	597	102	495	45.73%	70.17	31.43
Massachusetts	934	1,222	322	896	55.65%	73.76	26.63
Michigan	843	1,151	295	856	52.82%	72.76	27.69
Minnesota	546	746	235	511	54.42%	73.41	26.83
Mississippi	189	247	66	181	47.77%	69.75	28.01
Missouri	757	1,039	312	725	56.30%	73.82	26.16
Montana	786	1,060	400	658	54.53%	72.81	29.88
Nebraska	117	162	46	116	64.81%	77.96	26.40
Nevada	216	278	77	201	52.88%	72.43	28.57
New Hampshire	301	391	44	347	39.13%	68.39	33.13
New Jersey	957	1,236	275	957	41.10%	68.54	28.73
New Mexico	105	136	26	108	39.71%	69.57	34.12
New York	4,319	5,796	1,264	4,516	49.52%	71.46	28.28
North Carolina	873	1,136	346	783	57.31%	73.60	27.30
North Dakota	260	303	102	200	42.24%	68.66	30.69
Ohio	1,110	1,482	470	1,009	54.59%	73.07	27.00
Oklahoma	275	405	149	256	52.59%	72.03	29.88
Oregon	255	344	89	254	52.91%	72.46	30.40

Jurisdiction	Count Candidate	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Pennsylvania	1,405	1,867	470	1,392	49.01%	71.50	28.08
Puerto Rico	237	281	59	220	24.20%	62.42	29.17
Rhode Island	60	74	15	57	50.00%	70.23	29.35
South Carolina	225	267	64	198	45.69%	68.82	30.50
South Dakota	59	82	24	57	65.85%	77.50	26.49
Tennessee	722	978	227	748	51.84%	72.22	28.78
Texas	2,849	3,912	575	3,333	50.41%	72.18	29.78
Utah	411	573	177	394	58.81%	74.64	29.33
Vermont	88	137	51	85	45.99%	72.61	28.74
Virginia	1,111	1,553	520	1,028	54.54%	73.22	29.34
Washington	1,525	1,963	628	1,328	54.56%	72.67	31.98
West Virginia	69	84	24	60	47.62%	71.63	27.95
Wisconsin	450	618	222	392	60.68%	75.72	25.85
Wyoming	31	39	12	27	51.28%	72.08	31.94