



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, October 20, 2023,
at Davy Crockett Tower, 500 James Robertson Parkway in Conference Room 1A

MEMBERS PRESENT

Andy Bonner, Chair
Greg Gilbert, Secretary
Janet Booker-Davis
David Crenshaw
Brad Floyd
John Griesbeck
Gay Moon
Rob Vance

MEMBERS PRESENT REMOTELY

Larry Elmore, Vice-Chair
Dr. Pamela Church

MEMBERS ABSENT

Kevin Monroe

LEGAL COUNSEL

Neil Stauffer, Associate General Counsel

STAFF

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

OTHERS ATTENDING

Kara Fitzgerald, President/CEO, TSCPA (remotely)
Scott Dahlberg, applicant, with his legal team

CALL TO ORDER – Chairman, J. Andy Bonner

Public Disclaimer and Roll-call

Chairman Bonner called the meeting to order and announced that the meeting date, time, and location has been posted on the Board’s website on October 9, 2023. Members made their presence known via roll call and a quorum was established.

Announcements

- Ms. Moon continues to serve on the Board until a replacement is appointed by the Governor.
- Members of the public will be invited to comment later in the meeting.

- Mr. Elmore will communicate via chat in the Teams meeting and his comments will be announced.

Review and Adopt Agenda

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

APPROVAL OF MEETING MINUTES

July 25, 2023 - Regular Meeting

Mr. Gilbert referred the Board to the committee reports section of the minutes, specifically the Law and Rules Committee. Gilbert explained that there was only one vote to a motion that was subsequently amended, and it was unclear what the vote was intended for. The Board will re-consider this matter and clear up the voting later in the meeting. It was noted that no actions were taken by the Executive Director related to the authority intended by the July vote.

A typographical error in a date has been corrected under the public disclaimer section.

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

EXECUTIVE DIRECTOR'S REPORT – Wendy Garvin, Executive Director

Director Garvin presented a report on Board activities.

The Board was asked to consider the following changes to the meeting schedule:

- Tuesday Jan 30, 2024 – Consider change to Friday Feb 2, 2024
- Tuesday July 30, 2024 – Consider change to Tuesday July 16, 2024
- Tuesday Feb 4, 2025 – Proposed

Discussion:

- More colleges will have the opportunity to participate in the AICPA/NASBA Experience, Learn & Earn (ELE) program, which is designed to help resolve financial hurdles that college graduates may face by integrating relevant online study with work experience through a participating accounting firm. This is a valuable program to assist with the costs of meeting the education requirements for licensure.
- Chairman Bonner noted that the process for registering for an account in the upgraded CORE system is an easy one and encouraged everyone to register.
- TSCPA's communication and participation with the Board is appreciated and allows the Board to be made aware of issues with their members.
- The clarification of firm and peer review requirements within Contractor's Board license applications should prove helpful to the Board in reducing the number of complaints for reports issued to that Board.

Motion and second to approve changes to the meeting schedule as proposed. Motion unanimously passed via roll call vote.

RULEMAKING HEARING

The Rulemaking Hearing began at 9:00am led by Neil Stauffer. The hearing was held to solicit public comments to proposed changes to accountancy rule 0020-01-.06(6), rule 0020-01-.06(11) and rule 0020-02-.02(c). Redline copies of the rules were provided for those present and to those attending remotely. No comments were offered by the public. The hearing concluded with the Board's approval of the proposed changes. Detailed voting is documented on the rulemaking hearing filing form.

COMMITTEE ASSIGNMENTS – Chairman Bonner

Board Chair Andy Bonner and Executive Director Wendy Garvin have previously met to develop Committee assignments, and proposed assignments are as follows:

Executive

Andy Bonner, Chairman
Larry Elmore, Vice Chair
Greg Gilbert, Secretary
Kevin Monroe, Immediate Past Chair

Law & Rules

John Griesbeck, Chair
Janet Booker-Davis
Pam Church
David Crenshaw
Gay Moon

Licensing

Janet Booker-Davis, Chair
Pam Church
Brad Floyd
John Griesbeck
Rob Vance

Enforcement

Kevin Monroe, Chair
David Crenshaw
Larry Elmore
Greg Gilbert
Rob Vance

Motion and second to accept the assignments as presented. Motion unanimously passed via roll call vote.

REINSTATEMENT APPLICATION – APPEARANCE – Dahlberg

The Board considered at the July 2023 meeting the application submitted by Mr. Dahlberg to reinstate his revoked CPA license. Mr. Dahlberg has completed the initial requirement of submitting his application for reinstatement, providing a signed petition, and paying the required \$250.00 application fee. Director Garvin informed the Board that staff has reviewed the CPE credits submitted by Mr. Dahlberg and found them to accurately reflect statements included in the petition that was included with the application.

Mr. Dahlberg was present to address the Board and answer their questions.

Discussion:

- The Board appreciates Mr. Dahlberg’s emphasis of the importance of the CPA credential, and his efforts to become compliant with the continuing education requirements.
- Mr. Dahlberg’s support system involves his uncle, who is a CPA. Dahlberg and his wife have acquired additional knowledge and skills in financial management and are in a better position to handle financial surprises.
- The Board has the discretion to consider this application for reinstatement to Probation status, which will grant Mr. Dahlberg the right to practice with no restrictions but allowing the board to monitor future transgressions.

Motion and second to allow Mr. Dahlberg to practice under Probation status for a period of two years provided he submit 80 hours of technical CPE earned within a six-month period. Motion unanimously denied via roll call vote.

The motion was restated as follows:

Motion and second to allow Mr. Dahlberg to practice under Probation status for a period of two years provided he submit 80 hours of technical CPE earned within a six-month period and to allow those CPE credits to be applied toward his subsequent license renewal. Motion unanimously passed via roll call vote.

BOARD COMMITTEE REPORTS

Committees meet the day prior to each Board meeting to review matters before them in depth and to develop recommendations for the full Board.

Law and Rules – John Griesbeck

Executive Director Authority to Approve Credit Extensions

This authority was granted at the July 2023 meeting, but an amendment to the motion was not properly voted upon.

Motion and second to grant authority to the Executive Director to approve requests for exam credit extensions for up to 12 months during the transition period before the effective date of the new exam rules and to specify that extensions should be granted based on criteria currently used by the Board. Motion unanimously passed via roll call vote.

Discipline Matrix

The committee reviewed proposed revisions to the discipline matrix used by the Board in assessing penalties.

Motion and second to approve the proposed revision to the matrix as amended by the committee to change the recommendation for violations of TCA § 62-1- 111(a)(8); Rule 0020-01-.14(g) to accept suspension or revocation for cases with a mitigating factor. Motion unanimously passed via roll call vote.

Licensing – Janet Booker-Davis

Consider FINRA Series 24 Exam for CPE Credit

Motion and second to approve CPE credit for this exam in the field Specialized Knowledge and Applications for 17.25 credit hours. Motion unanimously passed via roll call vote.

Consider ABV and CVA Exams for CPE Credit

Motion and second to approve of CPE credit for the ABV exam in the in the field Specialized Knowledge and Applications for 30 credit hours and the CVA exam in the in the field Specialized Knowledge and Applications for 25 credit hours. Motion unanimously passed via roll call vote.

Credit Relief Program

The one-time Credit Relief Initiative is an effort to address continuing concerns regarding the CPA pipeline and is supported by TSCPA and NASBA. The Committee reviewed data regarding CPA candidates and credit extension history. The Board has in the past reviewed requests on a case-by-case basis.

It is recommended that in response to significant health, economic, education, and travel disruptions during the COVID pandemic, resulting in CPA examination candidate hardships, the Board of Accountancy will 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 for the same sections. The dates correspond to the national public health emergency related to the worldwide pandemic.

Motion and second to accept the recommendation for a one-time credit relief initiative and to give the Executive Director authority to approve such requests in accordance with the Credit Relief Initiative criteria. Staff will utilize a form developed by NASBA for candidates to use in requesting such requests.

Discussion:

- The Board has authority to grant extensions that include documentation of the relevant hardships. Candidates must provide a showing that the credits were lost due to circumstances beyond the candidate's control.
- Six states appear to have no intent to adopt the Credit Relief Initiative. Tennessee will accept any unexpired scores that are transferred from another jurisdiction.
- Of the two previously denied credit extensions since COVID, neither would have benefited under this initiative.

Motion unanimously passed via roll call vote.

Enforcement – Greg Gilbert, Acting Chair

Case and Complaint Report

The Committee reviewed 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. The Committee recommended approval of all recommendations within the consent agenda of the legal report.

1 #2023026671

2 #2023024801

3 #2023028791

4 #2023031541

5 #2023030401

6 #2023034661

7 #2023035771

8 #2023036281

9 #2023038761

10 #2023037251

11 #2023034391

- The Committee recommended the Board open a second complaint to investigate whether Respondent's actions complied with principles of Independence (Board Rule 0020-03-.03) based on Respondent's statement that she prepared the financial statements of Complainant's company and performed a review engagement with respect to those statements.

12 #2023040391

Motion and second to approve the recommendations in items 1-5, and 7-12 as amended. Motion unanimously passed via roll call vote.

Motion and second to approve the recommendation in item 6 as presented. Motion unanimously passed via roll call vote with Mr. Vance recused.

Proposed Discipline

This agenda details cases in which discipline has been recommended.

13 #2023040541

14 #2023025601 and 2023025611

Motion and second to recommend approval of the recommendations in items 13 and 14 as presented. Motion unanimously passed via roll call vote.

Re-presentations

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

15 #2023011921

16 #2023000191

Motion and second to recommend approval of the recommendations in items 15 and 16 as presented. Motion unanimously passed via roll call vote.

Executive – Chairman Bonner

This Committee did not meet yesterday due to a lack of quorum in the meeting room and Committee agenda items will be considered by the full Board.

State Specific Ethics Course

The Board has a Memorandum of Understanding (MOU) with the TSCPA to develop the ethics course required for CPE compliance. The MOU requires the Board to provide a course outline to TSCPA each year, and the Board is asked to review the proposed 2024 outline for approval. The Director presented details of the course cost, approved sponsors, and feedback submitted to sponsors.

Discussion:

- The outline reflects changes and recent events in the profession.
- The outline includes a section covering the Rules of Professional Conduct with a focus on integrity and objectivity and should include an overview of the AICPA Code of Professional Conduct
- The Board should consider entering into a new MOU, signed by the current CEO of TSCPA.

Motion and second to update the outline to include information about the AICPA Code of Professional Conduct with a link to view the documents online, to include examples of violations, and to explore entering into a new MOU with an updated signature by the current CEO of TSCPA.

Further discussion:

- The terms of the MOU would not be altered.
- A termination for convenience of the MOU requires 180-day notice.
- Mr. Floyd signed the current MOU as CEO of TSCPA. The MOU references the independence of TSCPA, which is in question due to Mr. Floyd's recent appointment to the Board.

Motion unanimously passed via roll call vote with Mr. Floyd recused.

Travel

Director Garvin provided an update on travel for the quarter ended September 30, 2023. Travel expenditures included those for Ms. Garvin's outreach at a TSCPA event and Mr. Speed's expenses for Board meeting travel.

FY23 Budget Closing

Director Garvin presented an overview of the FY23 budget closing document.

Discussion:

- It is hoped that the increase in legal salaries will lead to less legal staff turnover and more consistent legal representation.
- Should the Board consider the possibility of adjusting renewal fees to offset a revenue shortfall?
- Travel costs have increased due to a return to pre-COVID activities.

- Director Garvin will present a proposed FY25 budget at the January 2024 meeting.
- The Board has reserve funds that are partially the result of license fees. Members were concerned about the possibility of the reserve balance being swept into the General Fund.
- The Board could also consider increasing the maximum penalty amounts for violations.

NASBA AND AICPA UPDATES

NASBA Board of Directors – Andy Bonner updated the Board with respect to matters considered by NASBA’s Board of Directors.

NASBA Committee Updates – no Committee updates were presented at this meeting.

AICPA Board of Examiners – Director Garvin serves on this Board and provided an update.

PUBLIC COMMENT PERIOD

No public comments were offered.

OLD/NEW BUSINESS

Dr. Church informed the Board of the financial difficulties facing Christian Brothers University.

ADJOURN

11:18am



Chair



Secretary