STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
TENNESSEE BOARD OF ACCOUNTANCY
500 James Robertson Parkway
Davy Crockett Tower
Nashville, TN 37243-1141
615-741-2550 or 888-453-6150
Program Website: www.tn.gov/commerce/regboards/accountancy

A meeting of the Tennessee State Board of Accountancy was held on Tuesday, October 24, 2019 at Davy Crockett Tower, 500 James Robertson Parkway in Conference Room 1A

MEMBERS PRESENT
Kevin Monroe, Chair
Gay Moon, Secretary
Janet Booker-Davis
Pamela Church
Larry Elmore
Greg Gilbert
Todd Skelton
Trey Watkins
Judy Wetherbee

MEMBERS PRESENT VIA PHONE
Stephen Eldridge, Vice-Chair
Andy Bonner

LEGAL COUNSEL
Maria Bush, Assistant General Counsel, Regulatory Boards
Stuart Huffman , Assistant General Counsel, Regulatory Boards

STAFF
Wendy Garvin, Executive Director
Shari Waugh, Investigator
Karen Condon, Board Staff

OTHERS PRESENT
Lloyd Schuman, Applicant

CALL TO ORDER – Kevin Monroe, Chair

The meeting was called to order at 8:32am.

Public Disclaimer and Roll-call

- The meeting was properly noticed and copies of the agendas were posted to the Board's website on October 18, 2019.
- Members made their presence known by roll call and a quorum was established.

Introductions and Announcements

- This is Stuart Huffman's last meeting with the Board in his capacity of disciplinary counsel; Maria Bush will handle all Board matters. The Board thanked Mr. Huffman for his work.
- Members were reminded to speak into the microphones to ensure proper recording.
- Another board is in need of legal counsel and the Enforcement Committee report will therefore be moved to the top of the agenda.

Review and Adopt Agenda

Motion and second to adopt the agenda with the enforcement committee moved to the beginning of the meeting. Motion unanimously passed by roll call vote.

Enforcement Committee – Kevin Monroe

Mr. Monroe reported that the entire Board had been present for detailed discussion of items on the legal report. The Board reviewed the legal report as amended by the Committee (attached). Mr. Monroe noted

that the report contains several complaints regarding failure to satisfy CPE requirements. CPAs were urged to pay close attention to those requirements. It is hoped that changes to be discussed later in the meeting regarding reporting requirements will bring about positive results in CPE compliance.

The Committee had recommended a change to item number 13, in which the respondent had properly reported CPE during the deadline given. The recommendation for that item was changed to the issuance of a Letter of Warning.

Motion and second to approve items 1-13 of the legal report as amended. Motion unanimously passed by roll call vote.

Item 14 was amended to authorize a formal hearing with authority to settle via a consent order for voluntary revocation of the license and a civil penalty of $2,000.00. The original recommendation did not include a voluntary revocation.

Item 16 was revised to recommend placing the matter in litigation monitoring for follow up at January meeting after resolution of pending matters involving same respondent.

Item number 17 was revised to recommend a Letter of Warning, due to the respondent's compliance upon receiving the complaint.

Item number 20 was amended to authorize a formal hearing with authority to settle via a consent order upon respondent's payment of a civil penalty of $3,000.00 for providing attest work while not enrolled in peer review and failure to comply with peer review requirements, further requiring the respondent to re-enroll and provide proof of an accepted peer review on or before 5/31/2020.

Motion and second to approve item 16 as amended. Ms. Booker-Davis prefers the option legal counsel offered to refer the case to the District Attorney and the Committee concluded to do that at a later time. She would prefer to refer the matter sooner as the firm is continuing to operate with a revoked license. Ms. Wetherbee agreed that the Board must be proactive in protecting the public from harm. The Board asked counsel for further guidance regarding their options. Mr. Huffman felt that a stronger case could be presented to the DA with the completed investigations of all cases involving this Respondent. He also recommended preliminary contact with the DA for feedback. The two additional complaints could be addressed at the next meeting.

Motion passed by roll call vote as follows.

Andy Bonner	aye	Larry Elmore	aye	Todd Skelton	aye
Janet Booker-Davis	nay	Greg Gilbert	aye	Trey Watkins	aye
Pamela Church	aye	Kevin Monroe	aye	Judy Wetherbee	aye
Stephen Eldridge	aye	Gay Moon	aye		

Motion and second to approve items 14-15, 17-24 as amended by the Committee. Motion unanimously passed by roll call vote.

The committee allowed for an informal conference with the Respondent for item 25, noting that any decisions will be made by the full Board.

Item 26 was amended to lower the civil penalty amount from $5,000.00 to $1,000.00 due to the appropriate actions taken by the Respondent

Item 27 was amended to recommend closure following a more thorough investigation. Director Garvin reported a typographical error in the legal report for this item regarding the year the prior investigator left his position.

Motion and second to approve new recommendations from legal counsel for items 25-27. Motion unanimously passed by roll call vote.

APPROVAL OF MEETING MINUTES

July 30, 2019 Regular Meeting

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

EXECUTIVE DIRECTOR'S REPORT – Wendy Garvin, Executive Director

Director Garvin presented the report (attached).

Motion and second to approve the Executive Director's Report as presented, including the proposed meeting date of January 26, 2021. Motion unanimously passed by roll call vote.

REVIEW AND APPROVAL OF COMMITTEE ASSIGNMENTS – Chairman Monroe

The Board has four committees and members were assigned to committees as follows.

Committee	Purpose	Members
Executive	• Provide executive guidance to the Board and staff • Oversee and monitor the fiscal operations of the Board • Provide guidance to Executive Director regarding administrative and personnel matters • Assist in the legislative process as requested. • Oversee Peer Review Oversight Committee	Kevin Monroe, Chair Stephen Eldridge, Vice Chair Gay Moon, Secretary Trey Watkins (most immediate past chair)
Licensing	• Evaluate difficult experience and education claims from CPA candidates • Review and oversight of the CPE process • Discuss issues that affect licensees and applicants • Evaluate exam related matters that lead to licensure	Gay Moon, Chair Pam Church Stephen Eldridge Greg Gilbert Judy Wetherbee
Law & Rules	• Review current laws and rules and suggest changes as needed • Review policy	Janet Booker-Davis, Chair Andy Bonner Larry Elmore Trey Watkins Judy Wetherbee
Enforcement	• Review and oversight of the investigation and legal action program • Recommend disposition of cases	Andy Bonner, Chair Janet Booker Davis Pam Church Larry Elmore Todd Skelton

Motion and second to approve the committee assignments as presented. Motion unanimously passed by roll call vote.

APPLICATIONS FOR BOARD REVIEW – INFORMAL APPEARANCES

APPEAL OF DENIED CPA LICENSE APPLICATION – LLOYD SCHUMAN – Maria Bush, Legal Counsel
Mr. Schuman was present in support of a license application which had been denied based on a lack of good moral character determination, specifically a history of dishonest acts. This determination centered on a recent civil proceeding and settlement agreement between Mr. Schuman and the U.S. Securities and Exchange Commission. Mr. Monroe recused himself from discussion and voting on this matter; the matter was administered by Secretary Moon. Ms. Bush provided a summary of the events and Mr. Schumann answered the Board's questions.

Motion and second to uphold the denial of the CPA license application. Motion passed by roll call vote as follows.

Andy Bonner	aye	Larry Elmore	aye	Todd Skelton	aye
Janet Booker-Davis	aye	Greg Gilbert	aye	Trey Watkins	aye
Pamela Church	aye	Kevin Monroe	abstained	Judy Wetherbee	aye
Stephen Eldridge	aye	Gay Moon	aye		

REINSTATEMENT APPLICATION – EXPIRED LICENSE – KIM CREASEY – Maria Bush, Legal Counsel
Ms. Creasey requested reinstatement of an expired license. When the license expired in 2013 there was an unresolved complaint related to non-payment of the Professional Privilege tax. The complaint was closed with the requirement that any reinstatement request must be considered by the Board. The reinstatement application being presented today is complete, including CPE, and Ms. Creasey's account with the Department of Revenue is now in good standing.

Motion and second to approve the application for reinstatement. Motion unanimously passed by roll call vote.

REINSTATEMENT APPLICATION – REVOKED LICENSE – TRACY WRIGHT – Maria Bush, Legal Counsel
The Board accepted the application for reinstatement as complete for review at the meeting in January of 2020, and it was determined that no vote was required. A motion to accept the application was thereby withdrawn.

Motion and second to require Ms. Wright to appear before the Board at the January meeting to request reinstatement. Motion passed by roll call vote as follows.

Motion and second to amend the motion to change the word "required" to "requested" in the prior motion. Motion passed by roll call vote as follows.

Andy Bonner	aye	Larry Elmore	abstained	Todd Skelton	aye
Janet Booker-Davis	aye	Greg Gilbert	aye	Trey Watkins	aye
Pamela Church	aye	Kevin Monroe	aye	Judy Wetherbee	aye
Stephen Eldridge	aye	Gay Moon	aye		

Amended motion passed by roll call vote as follows.

Andy Bonner	aye	Larry Elmore	abstained	Todd Skelton	aye
Janet Booker-Davis	aye	Greg Gilbert	aye	Trey Watkins	aye
Pamela Church	aye	Kevin Monroe	aye	Judy Wetherbee	aye
Stephen Eldridge	aye	Gay Moon	aye		

NASBA UPDATES

Members informed the Board of recent activities within NASBA Boards and Committees.

NASBA Board of Directors | Mr. Bonner
Audit Committee | Mr. Elmore
Audit Committee | Ms. Wetherbee
Examination Review Board | Ms. Booker-Davis
Computer-Based Testing (CBT) Administration Committee | Dr. Church

BOARD COMMITTEE REPORTS

Licensing – Gay Moon

Exam Extension Request – Krell

A NASBA system error caused an incorrect expiration date for the AUD section of the exam, and candidate requests an extension of time to re-take the FAR section.

Motion and second to grant a one testing window extension for the expiration of AUD as a result of misinformation provided to the candidate by NASBA. Motion unanimously passed by roll call vote.

State Specific Ethics Course Update

The Board reviewed an overview of the approval process, approved sponsors, types of programs offered and feedback received.

2020 Ethics Course Outline

The Board reviewed an overview of changes to be incorporated in the 2020 course, including

- addition of the CPE reporting requirement
- changes to law/rules
- conflicts of interest
- licensees' obligation to respond to complaint, audit notice, etc

Motion and second to approve the outline for the 2020 State Specific Ethics Course as presented. Motion unanimously passed by roll call vote.

Law and Rules – Janet Booker-Davis

Ms. Bush reported that the Continuous Testing Rule has been approved by the Attorney General and Governor and filed with the Secretary of State. A hearing on the matter will take place on December 19, with a proposed effective date of January 15, 2020.

Ms. Bush noted that new CPE rules became effective on September 4, 2019.

Executive – Kevin Monroe

The committee reviewed the FY19 YTD Closing, FY20 YTD Financial Results, and travel undertaken by the Director and Investigator.

FY21 Budget Proposal

Motion and second to approve the FY21 Operating Budget Proposal. Motion unanimously passed by roll call vote.

LEGISLATIVE UPDATE – Maria Bush

There were no items to report.

OLD BUSINESS

Director Garvin detailed plans to require certain peer review documentation for the renewal of firms providing attest work. Staff will require the submission of the most recent acceptance letter at renewal, and will contact firms to assess compliance if necessary. Discussion included:

- The Board has been admonished in the past regarding peer review oversight.
- The Board does not currently open complaints based on peer review report results; complaints are considered only if terminated due to successive problem reviews.
- The documents in question are not considered to be public information and are excluded from public records requests.
- No client information will be included with the submission.

Motion and second to begin requiring the submission of peer review reports and acceptance letters for renewal of attest firms. Motion unanimously passed by roll call vote.

NEW BUSINESS

No new business was reported.

ADJOURN

Chair

Secretary

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
OFFICE OF LEGAL COUNSEL
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243
PHONE: (615) 741-3072
FAX: (615) 532-4750

TO: **TENNESSEE STATE BOARD OF ACCOUNTANCY**

FROM: **Stuart Huffman, Assistant General Counsel**

SUBJECT: **October 2019 Legal Report**

DATE: **October 24, 2019**

CONSENT AGENDA

1. 2019059251 (SH)
First Licensed: 03/16/2001
Expiration: 12/31/2019
Type of License: Registered Accounting Firm
History: None.

Complainant signed an engagement letter with Respondent in October 2018 with the intention of receiving business and personal accounting services. Both parties had multiple meetings over the next eight months attempting to receive guidance in financial planning and strategy, business and personal tax obligations, and savings and debt repayment. Complainant states that he felt he provided all information to Respondent however he alleges that Respondent lacked communication and did not provide completed final tax preparations.

On June 5, 2019 Complainant asked Respondent for P&L statements for 2018 and 2019 in order to provide to the bank to secure a loan that would help reduce credit card debt. Respondent informed Complainant they did not have data for 2019 because Respondent was not tracking finances for 2019. On June 25, 2019 Complainant requested a tax preparation to approve so that he could file along with any other reports and statements that Respondent had created. Complainant alleges he received no tax preparations, however on June 27, 2019 Respondent responded with two invoices totaling approximately $1600. Complainant further alleges Respondent is withholding personal and business documents needed in order to complete 2018 taxes by another CPA.

Complainant believes Respondent's firm has not adequately performed its duties; has failed in adequately communicating with him as a client; and has withheld documents and information in an attempt to receive payment for services.

Respondent provided a detailed response stating that in accordance with the engagement letter, Respondent created a set of books for Complainant's practice from 2017 to date. Respondent also maintained a personal set of books for Complainant and his wife at their request. Respondent continued to perform the services as detailed in the engagement letter until February 2019. In February 2019, an associate of Respondent received a phone call from Complainant requesting the termination of services following the timely delivery of the January 2019 financial statements.

Complainant asserts that he attempted to receive guidance in financial planning and strategy, business and personal tax obligations, and savings and debt repayment. Respondent provided the engagement letter indicating that "We will be available to consult with you on specific transactions or other items at your request". Respondent states that discussions with Complainant and his wife did cover some strategies to both generate more income and reduce overall expenses, presumably all in the interest of increasing cash flow. Respondent asserts these discussions were casual in nature and the Firm was not engaged to formally consult with Complainant's business in any way shape or form.

Respondent denies they are withholding any documents of the Complainant for payment of services. On June 27, 2019 the Complainant requested the return of all information and that Complainant would come by the office and pick them up. Respondent states that the little bit of information they had was gathered and available for pick up. Respondent believes they timely provided all financial statements each month and provided excellent service to Complainant until they were requested to stop in February 2019. Respondent states they provided an extension for personal 2018 taxes because Complainant had not provided certain mortgage information and investment income. When Respondent returned Complainant's information around the requested date of June 27, 2019, invoices for unbilled work were included with billing details upon Complainant's request.

Recommendation: Close.

Committee Recommendation:

Board Decision:

2. 2019062671 (SH)
First Licensed: 01/01/1993
Expiration: 12/31/2019
Type of License: Registered Accounting Firm
History: None.

Complainant is alleging Respondent was unethical in representing her husband as an expert witness in their divorce case. Respondent previously represented Complainant in estate planning and other business activities in 2013. Respondent apparently was also engaged to handle

Complainant's business financial review, tax returns and personal tax returns in the past from 2013 to 2015. Complainant's counsel filed a Motion in court that alleges failure of ethical and confidentiality rules. Complainant says the Respondent is utilizing a report and information that was generated under an engagement that included Complainant. Complainant is also upset because Respondent never reached out to Complainant requesting a waiver in representing her husband in the divorce case.

According to Respondent, the complaint was filed against an individual with an entity in which Respondent owns a majority ownership. The remaining interest is owned by the individual. This entity is not a registered CPA firm because it has not and does not employ any CPAs; employing primarily finance majors and only does business valuation and litigation support projects. The Complainant treats the entity and Respondent as one entity however Complainant submitted billing statements from the 2 separate entities showing the entity did some valuation and consulting work for the business owned by Complainant's husband while Respondent did tax work for the Complainant individually for 2013 only. Respondent also prepared a review of financial statements for which the final bill was issued October 31, 2014. Complainant's husband authorized to release information on his business' behalf. An individual named in the complaint has assured Respondent that he has not been privy to any information that he would not have otherwise obtained through the discovery process, as a result of the prior valuation and consultation engagement regarding his current valuation of husband's business. This individual informed the attorney for husband of the prior work when he was contacted about getting involved in this matter and the attorney did not consider the prior engagement as a conflict.

This case involves pending litigation.

Recommendation: Place in monitoring status.

Committee Recommendation:

Board Decision:

3. 2019068851 (SH)
First Licensed: N/A (Unlicensed)
Expiration: N/A
Type of License: N/A
History: None.

Respondent received a "Stipulation and Consent Order" from the Kansas Board of Accountancy. The issue in the Kansas Order was in regards to failure to comply with peer review requirements. Respondent received a consent decree from the Arizona State Board of Accountancy in direct response to a previously issued Kansas Order. There are no new actions asserted, as the Arizona consent order is solely in response to previous actions from the Kansas Board. There has been no lapse in the privilege to practice in Arizona.

Respondent is a Texas firm and self-reported the discipline assessed by AZ and KS. The Respondent is not licensed in Tennessee but likely operates in Tennessee under the firm mobility provisions.

Recommendation: Send Letter of Caution.

Committee Recommendation:

Board Decision:

4. 2019066231 (SH)
First Licensed: N/A
Expiration: N/A
Type of License: Certified Public Accountant
History: None

An anonymous complaint was filed against Respondent by a member of the public. The complaint alleges that the Respondent is holding himself out as a CPA without a valid license. Respondent's license record shows that he was once licensed in the state of Colorado but that license expired in May 2010. At the time of expiration, the license was in Inactive status. The Respondent has never been a licensee in the State of Tennessee. The Respondent states that the expiration of the Colorado license was an oversight on his behalf. He confirms that he placed his license in Inactive status in 1986 after leaving public practice. He states that he has lived in the state of Tennessee since 1991 but never applied for a reciprocal license. The Respondent believes this complaint was filed by a former disgruntled former employee in retaliation for his termination by the Respondent.

The Respondent was using the CPA designation in the Bio posted on his employer's website at the time the complaint was filed. The Respondent removed that designation upon receipt of the complaint from the Board. During our investigation, only one other use of the CPA designation was found in a press release dated March 28, 2018 announcing the Respondent's appointment to CFO at his current employer. No references to the CPA designation were found in the Respondent's social media pages or on his business card.

There is no evidence that the Respondent has performed attest services in the state of Tennessee. He has been employed in private industry since arriving in Tennessee in 1991.

Recommendation: Respondent immediately removed the designation from his Bio. It is recommended to send a Letter of Warning due to mitigating factors.

Committee Recommendation:

Board Decision:

5. 2019075141 (SH)
First Licensed: 03/18/1999
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

Respondent affirmed compliance with CPE requirements in order to renew CPA license. This compliance was not substantiated by documents submitted during an audit of CPE credits. Respondent reported 48 hours making him deficient. A total of 40 CPE hours, including 8 penalty hours, were assessed and Respondent was given a due date of 9/26/2019 for completion.

Respondent passed away on August 2, 2019

Recommendation: Close.

Committee Recommendation:

Board Decision:

6. 2019076331 (SH)
First Licensed: 01/01/1960
Expiration: 12/31/2019
Type of License: Certified Public Accountant
History: 2018 – One complaint closed with a letter of warning for ensuring notations regarding independence are accurate on attest work.

Complainant is the owner of numerous franchise businesses. Respondent was engaged as the Complainant's accounting firm for eleven separate entities in June 2016. Complainant alleges numerous possible grounds for disciplinary action against Respondent, such as not preparing tax returns, allowing a partner to embezzle money, mishandling of payroll, bank statements not reconciled and overcharging.

Respondent denies the allegations. The engagement was terminated in March 2017. Respondent filed a lawsuit for recovery of unpaid invoices in August 2017. This litigation is still in the discovery phase and trial is scheduled for November 12, 2019.

Recommendation: Place into Litigation Monitoring.

Committee Recommendation:

Board Decision:

7. 2019079331 (SH)
First Licensed: 01/26/2011
Expiration: 12/31/2019
Type of License: Registered Accounting Firm
History: None.

Complainant alleges unethical behavior of Respondent for charging $2,795 on Complainant's business card for accounting services that were not needed or used.

In Respondent's response it is stated that Complainant sent a similar complaint to the North Carolina Consumer Protection Division alleging fraudulent charges for services not used. In the North Carolina complaint, Respondent submitted an accounting software subscription contract signed by Complainant. The subscription was for two years ending December 17, 2018. On that date, Respondent received notice from Complainant to terminate the subscription and a one month refund of $95 was issued to Complainant for November 2018 due to inactivity.

Recommendation: Close.

Committee Recommendation:

Board Decision:

8. 2019079371 (SH)
First Licensed: 07/14/2008
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

Complainant turned over their tax information in February 2019 to Respondent however Complainant states Respondent did not get the taxes done in time. Respondent filed an extension. Since then, Complainant alleges Respondent will not return phone calls or emails so that Complainant can get information about taxes.

Respondent states that the Complainant has never been involved in the process of obtaining the necessary documents for filing taxes until her husband passed in 2018. Respondent believed there were missing tax forms and suggested Complainant file a Form 2848 to obtain a tax transcript from the IRS in order to ensure the return was filed accurately. Respondent states she received two calls from Complainant's daughters asking for updates but never was there a request to return any tax documents. Respondent admits to not keeping the daughters informed however they are not the client in this situation. Respondent has never had a request from the Complainant who is the actual client. . Respondent has filed the tax returns after receiving the transcripts from the IRS for Complainant at the same time this complaint was filed.

Recommendation: Close.

Committee Recommendation:

Board Decision:

9. 2019075101 (SH)
First Licensed: 10/06/2016
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

Respondent affirmed compliance with CPE requirements in order to renew CPA license. This compliance was not substantiated by documents submitted during an audit of CPE credits. Respondent was notified of the deficiency. A total of 104 CPE, that includes 40 penalty hours, were assessed and Respondent was given a due date of 9/9/2019 for completion.

Respondent is located in Maryland. Respondent completed the 104 CPE hours and submitted the certificates on 9/9/19.

Recommendation: Send Letter of Warning.

Committee Recommendation:

Board Decision:

10. 2019075121 (SH)
First Licensed: 12/15/2008
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

Respondent affirmed compliance with CPE requirements in order to renew CPA license on 12/21/18. This compliance was not substantiated by documents submitted during an audit of CPE credits. Respondent was notified of the deficiency. A total of 83 CPE, including 32 penalty hours, were assessed and Respondent was given a due date of 9/25/2019 for completion.

Respondent states he had every intention of completing the 80 hours before 12/31/18 however a new position monopolized his time and he fell short of the requirement.

Respondent completed the 83 CPE hours and submitted the certificates on 9/6/19.

Recommendation: Send Letter of Warning.

Committee Recommendation:

Board Decision:

11. 2019075061 (SH)
First Licensed: 11/04/1998
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

Respondent affirmed compliance with CPE requirements in order to renew CPA license on December 10, 2018. Respondent was selected for audit and sent a submission letter on May 15, 2019. This compliance was not substantiated by documents submitted during an audit of CPE credits on May 24, 2019. Respondent was assessed 40 penalty hours not including the 80 hours he was deficient.

Respondent subsequently became compliant and submitted the 120 CPE hours on August 13, 2019.

Recommendation: Send Letter of Warning.

Committee Recommendation:

Board Decision:

12. 2019075221 (SH)
First Licensed: 02/23/2010
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

Respondent affirmed compliance with CPE requirements in order to renew CPA license on January 30, 2019. Respondent was sent a submission letter on May 15, 2019. This compliance was not substantiated by documents submitted during an audit of CPE credits. Respondent was assessed 16 penalty hours not including the 20.5 CPE hours he was deficient. Respondent was notified of the deficiency and was given a due date of 10/18/2019 to complete.

Respondent stated he mistakenly thought the some of the classes he completed offered CPE but later learned they did not. This confusion caused his deficiency. Respondent has submitted the requested CPE hours on October 10, 2019 and is compliant.

Recommendation: Send Letter of Warning.

Committee Recommendation:

Board Decision:

13. 2019075091 (SH)
First Licensed: 03/07/2002
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

Respondent affirmed compliance with CPE requirements in order to renew CPA license. This compliance was not substantiated by documents submitted during an audit of CPE credits. Respondent was assessed 40 penalty hours not including the 65 hours deficient.

Respondent has been notified of the deficiencies and has been given a due date of 10/22/2019 to complete.

Respondent admits to becoming sloppy about properly signing in and out, and maintaining certificates of attendance for CPE. Respondent also failed to keep aware of ongoing changes to the requirements and did not understand "state specific ethics" as being different from National Association of State Board's ethics course.

Respondent has immediately completed 88.5 of the hours and has scheduled the 16.5 hours before the due date. Respondent states that the NASBA national reporting system is a tremendous help and will aid in keeping CPE current.

Recommendation: Send Letter of Warning

Committee Recommendation:

Board Decision:

PROPOSED DISCIPLINE

14. 2019050721 (SH)
First Licensed: 01/11/2002
Expiration: 12/31/2019
Type of License: Certified Public Accountant
History: None.

A complaint was filed by a member of the Tennessee Department of Revenue's ("TDOR") Special Investigation team, against the Respondent. The Complainant was assigned to the investigation of the Respondent when it was determined that he falsified a sales and use tax return filed with TDOR.

Respondent purchased an airplane on December 5, 2016 from a seller in Indiana. The purchase price of the airplane was $128,500 based on information forwarded to TDOR from the seller. The purchase was not initially reported to TDOR however TDOR inquired about the purchase on February 20, 2018.

A signed affidavit was received from the Respondent on March 13, 2018 stating that the purchase price of the airplane was $18,500. The Respondent also included a falsified copy of the Aircraft Purchase Agreement showing the same purchase price of $18,500, an Aircraft Security Agreement and a check for $1,375 for the sales tax amount due. Due to the large discrepancy in purchase price, TDOR referred the matter to Special Investigations. The Special Investigations team did interview the Respondent in August 2018 but the Respondent was evasive and did not respond to all inquiries. TDOR later received a corrected affidavit from the Respondent on November 6, 2018, three months after the interview, correcting his original sales tax filing in March 2018. The Respondent reported the correct purchase price of $128,500 and calculated a total tax due of $9,075. Deducting the $1,375 paid previously and estimating interest for seven months at 7.25%, he determined that $8,026 was due. A check for that amount was included with the revised tax calculation.

After the Special Investigation was completed, TDOR pursued a criminal case against the Respondent in cooperation with the District Attorney's office. The Respondent entered a guilty plea and received a sentence of one year of supervised probation with sentencing deferred. If the probation period is served successfully, the sentencing for the felony will be permanently deferred and the charge will be expunged from the Respondent's record.

The Respondent did not deny the allegations of the complaint in his response to the Board's complaint. However, he states that the negotiated plea agreement is not a conviction of a felony. The Respondent does not provide any extenuating circumstances surrounding his actions and, while remorseful, does not provide any explanation for his actions in regard to the filing of falsified sales and use tax return.

The facts and circumstances of the complaint do support an act of fiscal dishonesty under Rule 0020-04-.03(2)(b) which allows the Board to take action against the licensee. Action by the Board is also supported under Rule 0020-04-.03(2)(e) for failure to file or impeding the filing of a report required by federal or state law.

<u>Recommendation</u>: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $2,000 for fiscal dishonesty and failure to report the filing of a report required by federal or state law. It is also recommended that Respondent complete the three (3) part NASBA Ethics Course within 30 days. Respondent's license should be put on probation for the remainder of the deferred sentence. Any disciplinary action should be referred to the Texas Board of Accountancy since the Respondent also holds a license in that state.

<u>Committee Recommendation</u>:

<u>Board Decision:</u>

15. 2019058531 (SH)
2019058541 (SH)
First Licensed: 08/01/1986
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

A complaint was filed by the Board against the Respondent and firm, upon notification by the Tennessee Comptroller's Office that the firm could no longer contract for audits under their jurisdiction. The decision was made by the Comptroller's Office due to significant deficiencies noted during their review of a contracted audit during the past three fiscal years and notification of the Respondent's failed peer review.

The complaint was opened to determine if additional disciplinary action is required by the Board in this matter. Suspension of the right to practice before any state or federal agency is grounds for discipline by the Board. The failed peer review also raised concerns about the Respondent's failure to comply with standards.

The evidence supports concerns by the Comptroller's Office about the quality of work performed by the Respondent. Based on a review of the Comptroller's Office review letters and the peer review report, the Respondent is in violation of multiple Tennessee Accountancy rules.

<u>Recommendation</u>: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $1,000 for numerous Rule violations. Respondent's individual license and firm permit will be placed on probation. Probation status will be lifted upon submission of an accepted peer review with a rating of Pass. Any disciplinary action should be referred to the Mississippi and Texas Boards of Accountancy since the Respondent completes attest engagements in both states.

<u>Committee Recommendation</u>:

<u>Board Decision:</u>

16. 2019060961 (SH)
First Licensed: N/A
Expiration: N/A
Type of License: Registered Accounting Firm
History: None.

The Board became aware of this matter upon receiving an application for a firm permit. One of the owners listed on the application held a revoked license. The owner's license was revoked by the Board on July 11, 2019 for failure to comply with a previous Consent Order by not paying the $3,000 civil penalty assessed.

Respondent states they are in the process of opening a location in Germantown, TN but have not performed any services out of this office. Respondent informed the Board that the web developer updated the website prior to Respondent performing services in that location. However, as of October 16, 2019, the firm's website, including the firm name with a CPA designation, still lists the Germantown location which has not been licensed.

Respondent has been notified that pursuant to Tenn. Comp. R. & Regs. 0020-01-.09, it is entitled to request an appearance before the Board to reconsider such application denial at its next scheduled meeting and that such request must be sent to the Board within thirty (30) days of the date of the notice. The notice was sent on or about August 7, 2019. No such appeal request has been received.

Recommendation: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $1000 for holding out as a CPA firm without proper licensure.

Committee Recommendation:

Board Decision:

17. 2019070281 (SH)
First Licensed: N/A
Expiration: N/A
Type of License: Registered Accounting Firm
History: None

This is anonymous complaint alleging the Respondent is operating without a permit at a newly opened office.

Respondent states they have opened a second office and was unaware they needed a permit for this office as it is not a new firm that has opened. Respondent cooperated and immediately obtained a permit.

Recommendation: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $500 for failure to obtain a Firm permit before opening an additional office.

Committee Recommendation:

Board Decision:

18. 2019072611 (SH)
First Licensed: N/A (Unlicensed)
Expiration: N/A
Type of License: Certified Public Accountant
History: None

The Tennessee Board for Licensing Contractors received a review report submitted by Respondent and requested license verification. There is no record of a CPA license or firm permit held by Respondent, nor record of enrollment in a peer review program.

Respondent states the review was only a draft and not to be submitted by the contractor. Respondent performs the contractor's bookkeeping, payroll and tax returns therefore he helped provide a financial statement according to the records. Respondent provided an email that was sent along with the "draft" review that encouraged the contractor to take it to a CPA firm for the professional review if it was not accepted.

The "draft" review is signed and dated by Respondent on August 22, 2019 and has the standard language as required by law.

Recommendation: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $750.

Committee Recommendation:

Board Decision:

19. 2019073051 (SH)
First Licensed: 08/20/2012
Expiration: 12/31/2019
Type of License: Certified Public Accountant
History: None.

The Tennessee Board for Licensing Contractors received a review report prepared by Respondent and requested license verification. Respondent holds a CPA license but does not have a Firm permit and is not enrolled in a peer review program.

Respondent was quick to respond to the complaint and states he was approached by an acquaintance about completing a financial review for a contractor's license application. Respondent says he read through the license application carefully to determine if he was qualified to perform the review and found no reference to the necessity of a firm permit or enrollment in a peer review program. Respondent now understands the requirements and has advised the acquaintance to obtain services from a licensed firm.

<u>Recommendation</u>: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $750 and sign an Exemption Form within 30 days.

<u>Committee Recommendation</u>:

<u>Board Decision</u>:

20. 2019056131 (SH)
First Licensed: 05/31/2000
Expiration: 12/31/2019
Type of License: Registered Accounting Firm
History: None.

The Board filed a complaint against Respondent for possible peer review violations. When the Respondent renewed his firm permit, it was discovered that the firm had been dropped from peer review. The Respondent confirmed that he was providing attest services and the Board refused to renew the permit until the firm re-enrolled in peer review. The Respondent re-enrolled and the firm permit was renewed on February 7, 2019. After renewal, the Board was informed that the Respondent was dropped from peer review again in May 2019.

The Respondent has been dropped from the peer review program on several occasions since the completion of the firm's last peer review engagement for the period ending January 31, 2014. The firm was dropped from the program in September 2016 and later reinstated. The firm was dropped again in September 2017 re-enrolling in February 2019 to obtain the firm permit. As stated earlier, the firm was subsequently dropped from peer review again in May 2019 and has not re-enrolled as of the date of this report.

While the Respondent states he is working on re-enrollment, there is no evidence that re-enrollment has occurred.

<u>Recommendation</u>: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $3000 for providing attest work while not enrolled in peer review and failing to comply with peer review requirements. It is also recommended that Respondent re-enroll in peer review and provide proof of an accepted peer review on or before May 31, 2020.

<u>Committee Recommendation</u>:

<u>Board Decision:</u>

21. 2019073211 (SH)
First Licensed: 10/28/2004
Expiration: 12/31/2019
Type of License: Registered Accounting Firm
History: None.

The Board received notification on 7/8/19 from the TSCPA that the Respondent had been dropped from the peer review program. A certified letter was mailed to the firm requesting that the firm reinstate in the peer review program or complete and affidavit for peer review exemption. The most recent renewal indicated that the firm offers attest services, which requires enrollment in a peer review program. No response was received so a complaint was opened.

Respondent reinstated the firm's enrollment on 9/11/19 after the complaint was opened. There is no evidence that the Respondent performed any attest work during the dropped period. The firm's last completed peer review covered the one year period ending 12/31/2015. Another peer review was due 6/30/2019 however this has not been completed.

Recommendation: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $1,000.

Committee Recommendation:

Board Decision:

22. 2019074141 (SH)
First Licensed: 05/31/2013
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

Respondent was selected for an audit of his continuing professional education for the 2017-2018 reporting period. An initial audit notification was sent out on May 15, 2019. Respondent submitted his response to the audit on June 28, 2019. On July 23, 2019 a letter of non-compliance was sent to Respondent via mail and email explaining there were deficiencies in his submission. The letter stated that Respondent had missed the 20 hour minimum in year two (2018) of his reporting period, therefore an 8 hour penalty was assessed. Respondent was given 30 days to submit the 8 hour penalty to the Board.

Respondent stated he never received a letter noting a failure to respond to the audit findings related to his CPA license and he failed to check his email account in a timely manner. Therefore, Respondent unintentionally failed to respond to the audit findings, including the requirement to provide an additional 8 hours of CPE related to his deficiencies of not meeting the 20 hour requirement. Respondent submitted the penalty hours on September 16, 2019.

Recommendation: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $500.

Committee Recommendation:

Board Decision:

23. 2019071361 (SH)
First Licensed: 06/28/2016
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

Respondent was selected for an audit of CPE for the reporting period of 2017-2018. An initial notice was mailed to the mailing address on file for Respondent on 5/15/2019 with an original submission date of 6/28/2019. In addition to the mailed letter several email notifications were sent out. When a response was not received by the due date of 6/28/2019 a certified letter was mailed on 7/03/2019 giving an extended submission date of 8/2/2019 for a response to be provided. This letter was returned. On 7/30/2019 attempts were made to reach Respondent via phone, a voice mail was left explaining that her TN license had been selected for audit and that she needed to respond by 8/02/2019. With still no response from Respondent, a final email attempt was sent on 8/7/2019 to her employment email address. To this she responded that she had received our voice mail the week before and would provide a response by the now final due date of 8/21/2019. As of 10/16/2019, no audit response has been received from Respondent.

Recommendation: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $1,000 for failure to maintain CPE and respond to Board.

Committee Recommendation:

Board Decision:

24. 2019071371 (SH)
First Licensed: 04/18/2013
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: None.

Respondent was selected for an audit of CPE for the reporting years of 2017-2018. An initial notice of audit letter was mailed to the mailing address on file 5/15/2019 with a submission date of 6/28/2019. In addition to the letter several email notifications were sent to the main email address on her file. When a response was not received by 6/28/2019, a certified letter was sent on 7/3/2019 with an extended due date of 8/2/2019. This letter was returned. Attempts to reach Respondent by phone and left a voicemail with her personal and work lines explaining that her license had been selected and she was required to respond by 8/2/2019. With no response received, we then sent a final email to her personal and employment addresses with an extended due date of 8/21/2019 to provide an audit response. As of 10/16/2019, there has been no audit response from Respondent.

Recommendation: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $1,000 for failure to maintain CPE and respond to Board.

Committee Recommendation:

Board Decision:

REPRESENTATIONS

25. 2018005671 (SH)
First Licensed: 10/11/1996
Expiration: 12/31/2020
Type of License: Certified Public Accountant
History: 2005 Consent Order

A complaint was filed by the Board of Licensing Contractors against the Respondent who holds a CPA license for preparing a review opinion, but is not associated with a firm and there was no evidence of peer review enrollment found. Respondent admits to preparing the review opinion and that he is not enrolled in peer review. The Respondent also stated this was an isolated situation and no other review opinions were prepared.

Recommendation: Authorize a formal hearing for the maximum penalty with the authority to settle via Consent Order upon Respondent's payment of a civil penalty in the amount of $3,000 for failure to enroll in peer review or submit proof of enrollment in an approved peer review program or submit an exemption form to the Board within 30 days.

Board Decision: CONCUR

Update: After a consistency review it is recommended that the civil penalty be reduced to $1,000 based on the penalty guidelines. The Respondent states this was an isolated incident and primarily focuses on tax preparation and QuickBooks consulting.

New Recommendation: Authorize a formal hearing with the authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of $1,000 for failure to enroll in peer review. The Respondent shall also provide an exemption form within 30 days.

New Committee Decision: Concur.

New Board Decision: Concur.

Update: Respondent states he immediately refunded the fees and apologized to his client after learning of his non-compliance. Respondent states his reputation was further harmed when his client disparaged Respondent to the client that referred him. Respondent felt bad because an effort to help the client actually hurt him, and that hurt Respondent's business because Respondent assists clients with complying with governmental requirements. At that point the only solace Respondent had was the corrective action taken. Respondent summarized in his mind the damage and concluded, no harm no foul. Report not accepted, fees refunded and apologizes made. Respondent questions the Board's reasons for penalizing a first time offender that admitted to bad judgment, admitting guilt and took responsibility and corrective action.

Respondent provides his assessment of the Board's laws and believes the requirement that he pay $1,000 penalty is an overreach, abuse of authority, and misinterprets the law. Respondent has requested a hearing.

<u>New Recommendation:</u> Set up an informal conference with Respondent to discuss his concerns and a resolution of this matter.

<u>New Committee Decision</u>:

<u>New Board Decision:</u>

26. 2019011401 (SH)
First Licensed: N/A
Expiration: N/A
Type of License: N/A
History: None

An anonymous complaint was filed alleging the Respondent is holding out as a CPA without a valid license. The use of the CPA designation on the Respondent's company website and Linked In profile were provided as examples of "holding out". A review of the Respondent's license record shows that he was a Registered CPA in the state of Illinois but the registration expired in 2009. It is important to note that registration in Illinois is not the same as Tennessee licensure. The Respondent has passed the CPA exam but has never applied for full licensure.

The Respondent has never been a licensee in the state of Tennessee. The complaint was sent to the Respondent but no response was received.

Further investigation yielded another email address for the Respondent. He replied to the complaint stating he was a CPA in the state of Illinois but does not practice public accounting. He states that he is also a member of the AICPA. Respondent states that he does not perform attest work or sign any reports as a CPA. Respondent is unsure why the complaint was filed or the Board's interest in his business dealings as he can use the CPA designation in Illinois. The investigation confirmed that the Respondent was using the CPA designation at his company's website and on his Linked In page~~,~~ as well as attachments to the Linked In profile (bio and resume). The CPA designation was also included in advertising for a speaking engagement in 2017.

The Respondent told the investigator that he intends to reinstate his Illinois license. However, there is no evidence that has occurred as of the date of this report and reinstatement of a CPA Registration is no longer an option in Illinois due to a law change. The Respondent will be required to make an original application as a fully-licensed CPA.

Respondent has removed the CPA designation on LinkedIn. However, he has not been cooperative in removing the CPA designation on his company's website and the resume and bio attachments found on his Linked In page.

Recommendation: Authorize a civil penalty in the amount of $5,000 for using the designation of CPA without a valid license in Tennessee or reciprocity through another state.

Committee Recommendation: CONCUR.

Board Decision: CONCUR

Update: After speaking with Respondent, he now understands that since he is not licensed in any state that he cannot use the CPA designation no matter if he is not providing professional accounting services to the public. Even though he is not providing accounting services he still was proud of the designation. Respondent wanted to make it known that he was not trying to be uncooperative or disrespectful to the Board; he clearly did not understand the issue. After a thorough explanation, the Respondent was shown the violations on his resume, LinkedIn page and websites and encouraged to remove the designations. The website was owned by the company, set up by others, and is no longer in business however he stated he would do his best to have it removed. Respondent lives in Georgia and does not provide any accounting services in Tennessee or to Tennessee residents. He is continuing to try to have his Illinois license reinstated but is having difficulty due to their changes in the law. Respondent did provide emails he sent to the Illinois Board and his application for reinstatement.

New Recommendation: Authorize a civil penalty in the amount of $1,000 for using the designation of CPA without a valid license in Tennessee or reciprocity through another state. This is the standard disciplinary action.

New Committee Recommendation:

New Board Decision:

27. 2014001451
First Licensed: 11/22/2006
Expiration: 12/31/2019
Type of License: Registered Accounting Firm
History: None

The complaint alleges that the Respondent CPA firm issued audited financial statements with material misstatements which were known to the firm's auditors, that the firm issued an opinion on financial statements which contained a material GAAP departure that was known or should have been known by auditors, that the firm failed to follow auditing standards regarding subsequent discovery of facts existing at the date of the auditor's report, and that the firm failed to follow standards regarding records retention with regard to the audit of an employee benefit plan. The investigation revealed evidence that appears to support some or all of these allegations. Due to the complexity of this matter, an expert witness may be required in the event of a formal hearing. Accordingly, it is recommended that this complaint be referred directly to litigation for a formal hearing, and any potential settlement of this matter (if it emerges as a possibility) may be considered by the Board at the appropriate time.

Recommendation: Refer this complaint directly to litigation for a formal hearing for the revocation of the Respondent's CPA firm permit.

Board Decision: Concur

Update: The current Investigator reviewed the complaint documents and report prepared by the former Investigator. Concerns involving the misstatement of financial statements revolve around the proper valuation of loan receivables and the adequacy of the loan reserve balances. There was a disagreement between the Complainant, a former employee of the Respondent, and the partner-in-charge on the engagement. There is evidence of discussions between the two parties about the proper treatment of certain loans and the adequacy of the loan reserve and the Respondent provided explanations for the treatment of the questioned items in their response to the complaint.

There is no evidence in the Investigation report that would definitively support allegations of fraud or fiscal dishonesty by the Respondent. The evidence in the report is not sufficient to determine if the Respondent materially misstated items in the financial statements. However, it should be noted that the Respondent was unable to provide workpaper documentation requested by the former Investigator for one item and the former Investigator felt that responses by the Respondent to some inquiries were not sufficient.

It should be noted that the allegations of the complaint apply to 2012 financial statements. The re-opening of this complaint would be challenging in terms of the parties involved recalling the events that transpired. It should also be noted that we are unaware of any complaints or issues by third parties with the financial statements issued by the Respondent. Finally, the Respondent firm is enrolled in peer review and in compliance. We are unaware of any significant issues that have come out of the Respondent's peer reviews.

New Recommendation: Close.

New Committee Recommendation:

New Board Decision:

Tennessee State Board of Accountancy
EXECUTIVE DIRECTOR'S REPORT
October 24, 2019

FUTURE MEETING DATES

Tuesday Jan 28, 2020
Tuesday May 5, 2020
Tuesday July 28, 2020
Tuesday Oct 20, 2020
Tuesday Jan 26, 2021 - proposed

COMMERCE AND INSURANCE LEADERSHIP

On Sept 5, 2019 Governor Lee announced that Hodgen Mainda will serve as the Commissioner of the Tennessee Department of Commerce and Insurance.

SUNSET HEARING

Chairman Monroe, Assistant Commissioner Toby Compton, Assistant Counsel Maria Bush and I attended the public sunset hearing for the board of accountancy before the Commerce, Labor, Transportation and Agriculture Joint Subcommittee of the Government Operations Committee on Wed, Aug 21, 2019. The Committee recommended a six (6) year extension for the board. This will go to the legislature in the form of a bill in the spring.

NASBA MEETINGS

Upcoming NASBA Meetings

112th Annual Meeting – Oct 27-30, 2019 – Boston, MA

- ✓ Kevin Monroe, Andy Bonner, Larry Elmore and Greg Gilbert will be attending with me.

Executive Director and Legal Conference – March 2020 – Clearwater, FL

NEWSLETTER

We are working on the fall newsletter which is set to go out before Nov 15.

OTHER COMMUNICATIONS - CPE

Staff sent out an email communication to all active licensees on Oct 17th. The message was devoted to the new CPE reporting requirements and the CPE audit service. A secondary email went out to all individuals who had not yet logged into the CPE audit service with information on how to do so.

TN Department of Commerce & Insurance

AICPA BOARD OF EXAMINERS (BOE) – STATE BOARD COMMITTEE

I attended the AICPA State Board Committee on Oct 1. This is a sub-committee of the AICPA Board of Examiners. The committee serves as a communication link between the Board of Examiners and all state boards of accountancy. We discussed state board hot topics, ongoing exam volume smaller than expected, continuous testing, resources for state boards, the exam contract, release of retired exam questions, status of international testing, the current practice analysis and the pending exposure draft set to be released in December. For those attending the annual meeting, you should have received an invitation to an optional session to give you a closer look at the current exam. Update BOE calls will be held on Mon Nov 18. Let me know if you are interested in listening in.

NASBA COMPLIANCE ASSURANCE COMMITTEE (CAC)

I attended the CAC meeting on Sept 17 at NASBA's offices in Nashville. On Sept 18 the group met with the AICPA Peer Review Board Oversight Committee and staff. We heard updates on the Peer Review Model rules and the rewrite of chapter 3 of the AICPA Oversight Handbook related to Confidentiality of Peer Review Information in the Regulatory Environment, both big issues over the past year. We also discussed how NV is working with other states to create a regional Peer Review Oversight Committee (PROC). Finally, we discussed a project that AICPA is beginning to work on that should give boards easier access to objective peer review information. This involves technology upgrades which will take some time.

EXAM RESULTS

Attached are the 2019 Q3 CPA Exam results for Tennessee, as well as the overall statistics and rankings for comparison purposes.

PERFORMANCE METRICS

Numbers are taken for Aug and Sept Customer Focused Government (CFG) Report

	Aug 2018	Aug 2019	Sept 2018	Sept 2019
Average Number of Days to License (Goal is equal to or less than the prior year)	13.81	6.01	6.78	7.87
Case & Complaint Performance (Goal is 90% of cases resolved within 180 days)		91.89%		94.19%
Online Adoption Rate (Goal is 80% across division)		97.10%		100%

TN Department of Commerce & Insurance

NEW LICENSES ISSUED

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 Total
Individual Licenses	162	148	126	145	581
Firm Permits	23	15	20	14	72

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	
Individual Licenses	129	148	185	146	608
Firm Permits	21	4	30	22	77

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019 Total
Individual Licenses	127	163	178		468
Firm Permits	16	16	12		44

LICENSING – OVERALL POPULATION

		Individual CPAs			
	Sept 2018	**Dec 2018**	**Mar 2019**	**Jun 2019**	**Sept 2019**
Active	11225	11613	11124	11207	11358
Closed	3470	3528	3569	3618	3632
Expired License	2772	2761	2750	2744	2941
Inactive	4301	4344	4264	4397	4415
Retired 65	1068	1067	1067	1064	1063
Expired Grace	0	0	310	205	0
Revoked	66	68	72	72	73
Retired	117	113	113	113	113
Disabled	50	51	51	51	45
Suspended	5	6	4	6	4
Active Military	4	2	4	4	5
Probation	0	0	0	2	3

		Firms			
	Sept 2018	**Dec 2018**	**Mar 2019**	**Jun 2019**	**Sept 2019**
Active	1908	1902	1828	1862	1874
Closed	2303	2331	2369	2379	2380
Expired Grace	0	0	54	0	0
Expired License	290	290	287	313	311
Revoked	21	21	22	22	23
Probation	0	0	0	0	0

CPA Exam Performance Summary: 2019 Q-3
Tennessee

Overall Performance

Unique Candidates	811
New Candidates	159
Total Sections	1,058
Passing 4th Section	165
Sections / Candidates	1.3
Pass Rate	58.32%
Average Score	73.93

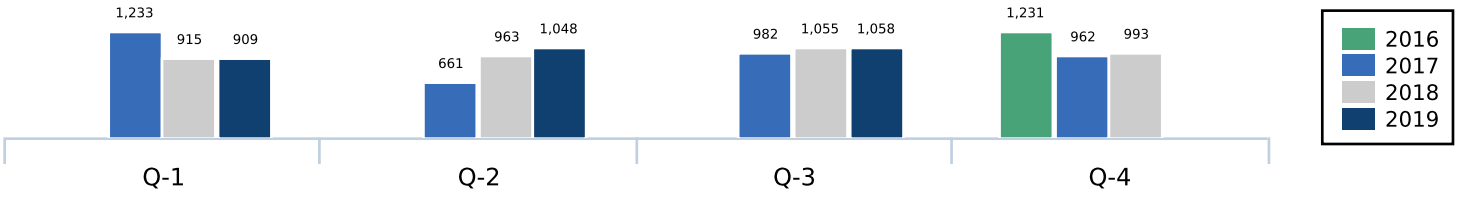
Section Performance

	Sections	Score	% Pass
First-Time	291	75.48	63.57%
Re-Exam	758	73.37	56.33%
AUD	277	73.81	56.68%
BEC	225	78.32	68.44%
FAR	298	71.99	52.35%
REG	258	72.48	58.14%

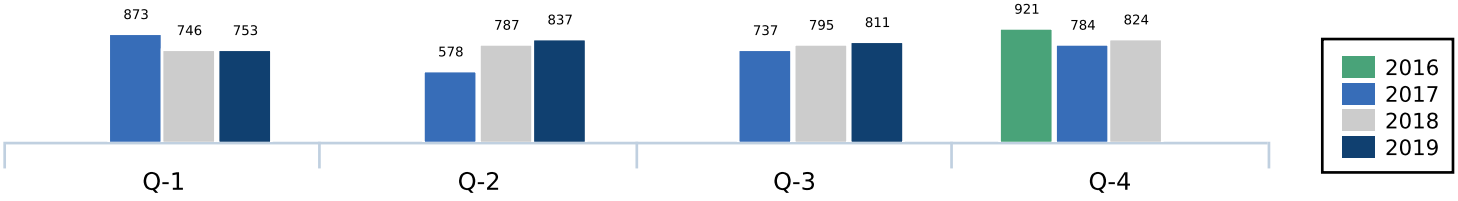
Jurisdiction Ranking

Candidates	Sections
17	18
Pass Rate	**Avg Score**
15	15

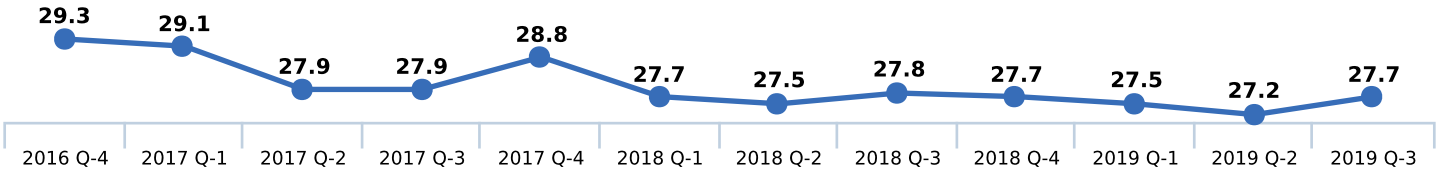
Sections



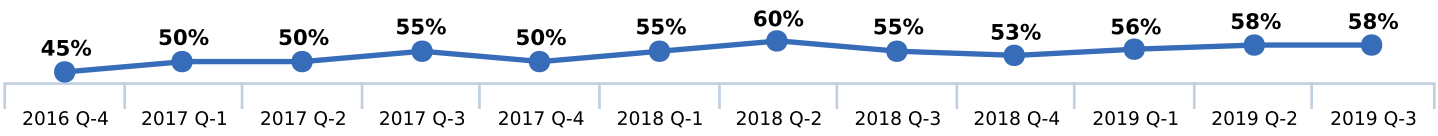
Candidates



Average Age



% Pass



CPA Exam Performance Summary: 2019 Q-3
Tennessee

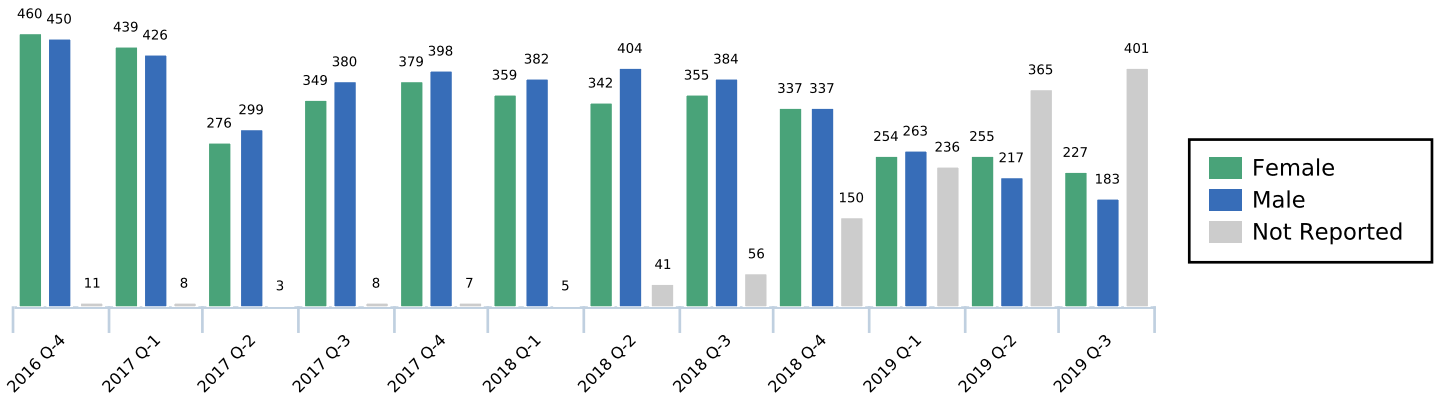
Degree Type

	Candidates	% Total
Bachelor's Degree	628	77.4%
Advanced Degree	175	21.6%
Enrolled / Other	8	1.0%

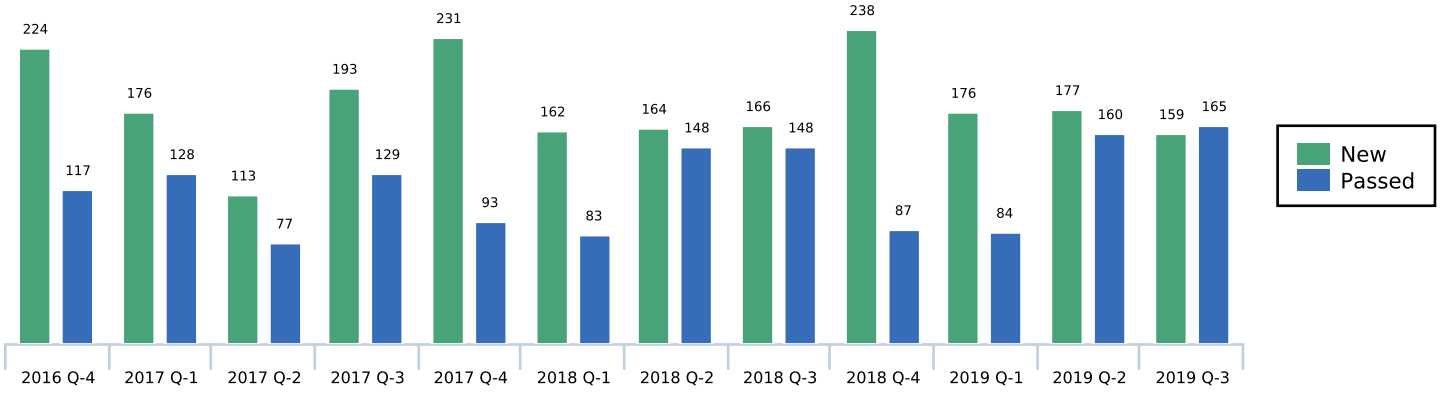
Residency

	Candidates	% Total
In-State Address	624	76.94%
Out-of-State Address	175	21.58%
Foreign Address	12	1.48%

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.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

CPA Exam Performance Summary: 2019 Q-3
Overall

Overall Performance

Unique Candidates	43,172
New Candidates	10,537
Total Sections	56,925
Passing 4th Section	7,018
Sections / Candidates	1.32
Pass Rate	55.3%
Average Score	72.96

Section Performance

	Sections	Score	% Pass
First-Time	17,078	72.9	58.22%
Re-Exam	39,697	72.99	54.06%
AUD	14,549	72.46	51.94%
BEC	12,355	76.89	63.04%
FAR	17,263	70.39	50.29%
REG	12,758	73.19	58.40%

Top 3 Jurisdictions

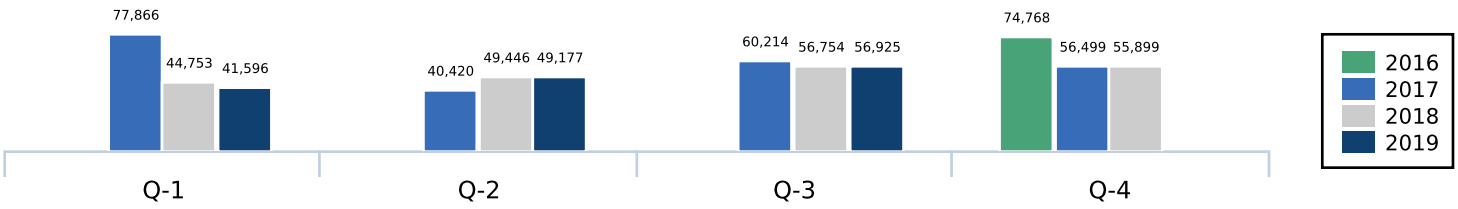
Most Candidates

1. California 5,825
2. New York 5,075
3. Texas 3,156

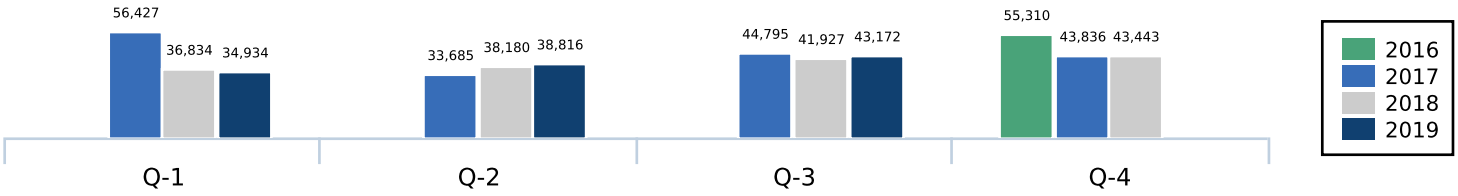
Highest Pass Rate

1. Wisconsin 69.08%
2. Utah 68.81%
3. South Dakota 65.38%

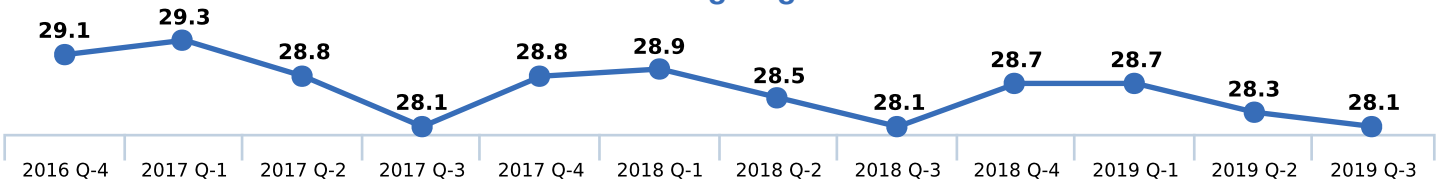
Sections



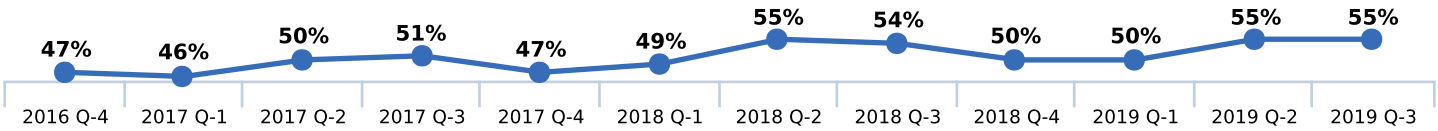
Candidates



Average Age



% Pass



CPA Exam Performance Summary: 2019 Q-3
Overall

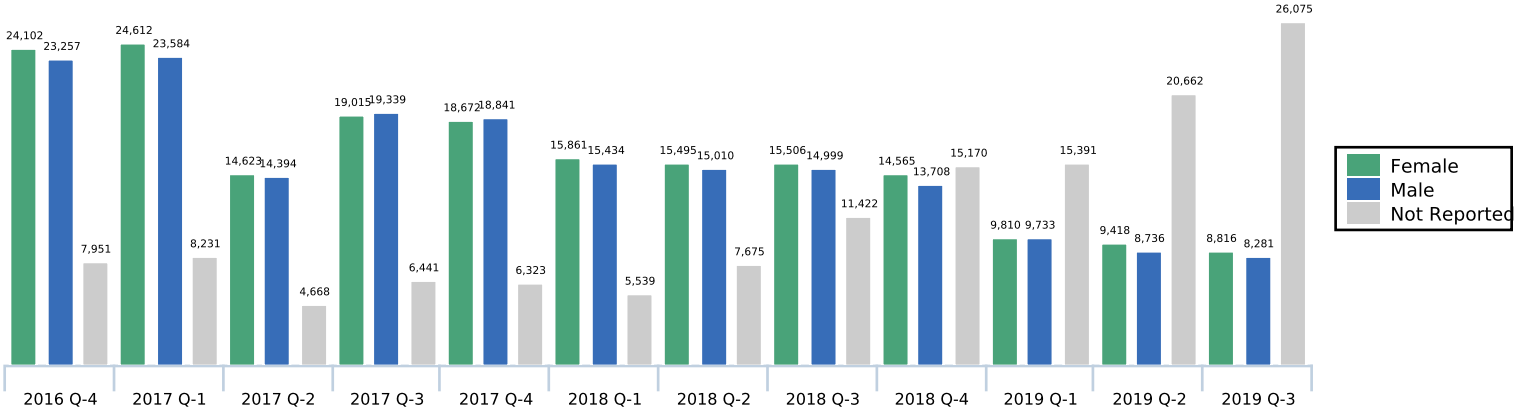
Degree Type

	Candidates	% Total
Bachelor's Degree	30,212	70.0%
Advanced Degree	8,611	19.9%
Enrolled / Other	4,349	10.1%

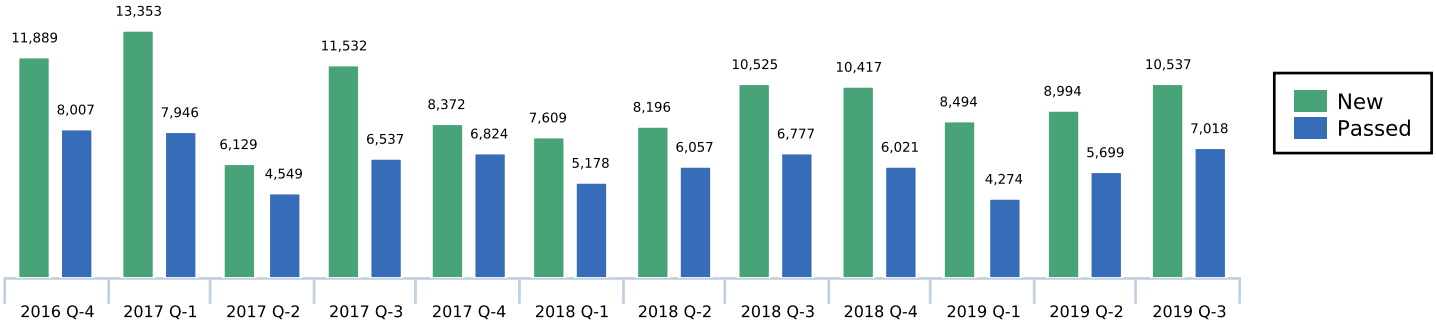
Residency

	Candidates	% Total
In-State Address	31,992	74.1%
Out-of-State Address	7,015	16.25%
Foreign Address	4,165	9.65%

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.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Overall Statistics for Testing Window 2019 Q-3

Jurisdiction	Count Candidate	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Alabama	250	317	140	174	55.52%	72.05	27.60
Alaska	1,196	1,602	544	1,057	53.37%	71.92	29.62
Arizona	627	842	201	641	59.26%	72.70	28.47
Arkansas	203	271	102	162	53.14%	73.00	28.49
California	5,825	7,507	2,405	5,080	51.46%	71.51	29.21
Colorado	737	942	275	659	61.57%	75.50	28.57
Connecticut	478	572	154	417	53.50%	73.02	27.40
Delaware	192	261	57	204	50.19%	70.70	30.09
District of Columbia	88	100	31	69	58.00%	72.73	30.90
Florida	1,610	1,976	411	1,562	56.58%	73.80	29.42
Georgia	1,165	1,474	329	1,142	55.43%	72.86	28.49
Guam	889	1,293	476	817	52.59%	71.03	29.53
Hawaii	156	209	93	114	51.20%	69.30	28.69
Idaho	120	167	57	110	60.48%	73.60	30.17
Illinois	2,150	3,030	1,227	1,799	59.47%	74.76	26.47
Indiana	633	952	416	532	53.99%	72.53	26.61
Iowa	366	507	161	344	63.71%	75.70	25.76
Kansas	142	196	80	116	59.69%	74.18	28.08
Kentucky	405	522	140	381	54.41%	73.53	27.66

Jurisdiction	Count Candidate	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Louisiana	381	473	127	346	53.70%	72.26	29.00
Maine	396	598	190	406	46.32%	68.76	31.09
Maryland	630	769	197	570	49.41%	70.77	28.87
Massachusetts	1,298	1,728	552	1,173	59.78%	74.65	26.38
Michigan	1,012	1,330	426	904	58.12%	74.28	27.04
Minnesota	762	1,096	512	579	61.95%	75.13	25.43
Mississippi	203	248	64	183	44.76%	69.08	27.53
Missouri	573	774	269	500	60.72%	75.16	26.51
Montana	360	600	280	318	48.33%	70.87	28.38
Nebraska	169	265	108	157	65.28%	76.78	26.08
Nevada	192	266	71	193	55.64%	73.67	29.70
New Hampshire	496	622	106	514	40.84%	68.81	31.73
New Jersey	1,173	1,449	332	1,115	48.17%	70.55	28.14
New Mexico	155	184	41	143	48.37%	69.08	31.19
New York	5,075	6,524	1,562	4,947	54.55%	72.78	26.60
North Carolina	901	1,208	367	839	64.40%	75.85	27.27
North Dakota	158	214	82	132	48.60%	70.72	28.47
Ohio	1,069	1,406	545	858	55.83%	72.93	26.72
Oklahoma	332	432	119	313	54.63%	72.44	31.45
Oregon	330	435	149	286	56.32%	73.66	29.29

Jurisdiction	Count Candidate	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Pennsylvania	1,606	2,044	651	1,384	53.13%	72.44	27.01
Puerto Rico	286	340	77	263	33.53%	64.57	28.13
Rhode Island	77	92	21	71	51.09%	72.43	27.52
South Carolina	288	370	76	291	54.05%	73.65	27.90
South Dakota	80	104	27	76	65.38%	75.20	26.89
Tennessee	811	1,058	291	758	58.32%	73.93	27.71
Texas	3,156	4,215	596	3,618	56.47%	73.49	29.04
Utah	314	420	178	237	68.81%	77.58	28.96
Vermont	141	226	85	141	52.65%	69.22	27.38
Virginia	1,413	1,898	750	1,140	57.38%	74.59	28.00
Washington	1,307	1,752	548	1,198	55.31%	72.90	29.59
West Virginia	82	100	23	77	45.00%	69.95	28.43
Wisconsin	678	899	343	555	69.08%	77.43	25.46
Wyoming	36	46	14	32	52.17%	72.37	30.60

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights