

# TN Specific Ethics

1 Hour CPE

David Haddock, EdD, CPA  
Director of Training

# Rules & Regulations

## Tennessee State Board of Accountancy



# Today's Objectives

1. Know how members of TN State Board of Accountancy are appointed
2. Know individual and firm rules for licensing
3. Understand CPE rules
4. Review AICPA Code of Professional Conduct
5. Understand how complaints are handled

# TN State Board of Accountancy

- Chairman—William (Trey) Watkins, III, Watkins Uiberall, PLLC, (Memphis)
- Vice-Chair—Casey Stewart, CPA, Mauldin & Jenkins, LLC (Chattanooga)
- Secretary—William (Bill) Blaufuss, (Nashville)
- Total of 11 members
- Nine must be CPAs
- One attorney
- One public member

# TN State Board of Accountancy Purpose



Legislatively charged to protect public by

>licensing CPAs/firms

>regulating conduct of CPAs

>prohibiting misleading titles/competencies

# SBOA Appointments

- By governor for 3 year staggered terms
- Each Grand Division is equally represented
- Quarterly meetings-open to public (see website)

# SBOA Oversight

- CPA license
  - individual
  - firm
- Investigate complaints
- SBOA Attorney advises board not individual CPAs
- <http://tennessee.gov/commerce/boards/tnsba/>
- All contact info is on web site



# TN Board of Accountancy



- Mark Crocker, CPA,  
Executive Director
- 500 James Robertson  
Parkway, Nashville,  
TN 37243-1141
- 615-741-2550 or 888-  
453-6150



# Becoming a CPA in TN

- Certificate of “certified public accountant” granted to:
  - Persons of **good moral character**
  - Persons meeting education, experience and examination requirements

# Education

- At least 150 hours semester hours
- Holder of at least a baccalaureate degree from a college acceptable to TSBOA
- Educational program includes minimum 30 semester hours of accounting

# Apply for License



- Pass the Exam!!
- Meet minimum 1 year experience
- Complete AICPA Ethics course
- Submit all forms/fees

# Experience

- Individuals seeking initial licensure must have one (1) year of experience



# Reciprocity

- TN recognizes the **holder** of a CPA license from any state which has been verified to be in ***substantial equivalence*** with the licensure requirements of the Tennessee Accountancy Act
- Individual is granted all privileges of a TN CPA without need to obtain certificate or permit from TN

# License Period and Fees

## Period

- TN grants a **2** year license
- CPE is also reported for a **2** year period

## License Fees-Individuals

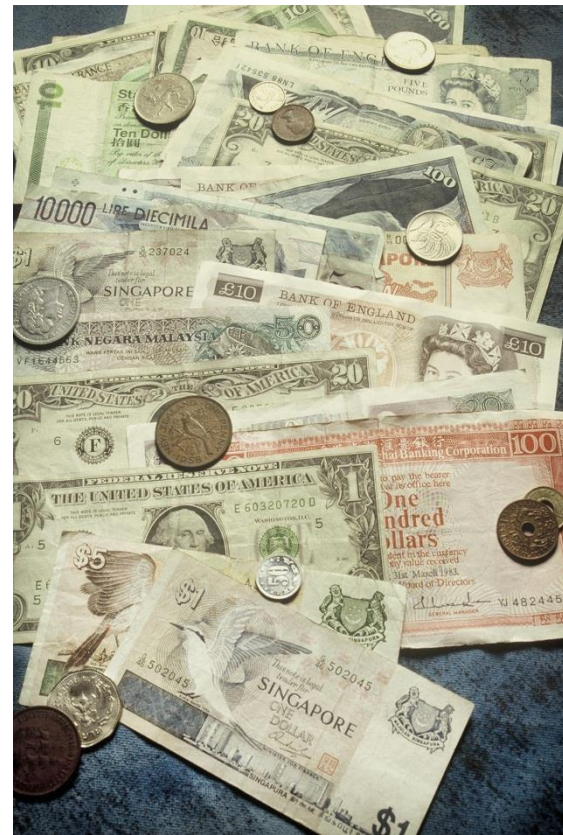
- Professional privilege tax is administered by the *TN Department of Revenue*
- Permit to practice fees due to *TSBOA* upon licensure renewal application

# After Licensing

## Renew Every 2 years

- 80 hours of appropriate CPE
- Pay license fee
- Notify SBOA of any changes (name, address, etc. w/in 30 days)
  - Home, mailing, & business address

## Make the Big Bucks!!



# Address Changes Are Important

- To communicate with you!
- Business, home, mailing, & email
- Must notify within 30 days of move—could cost you \$\$ if you don't!!



# Change in License Status

- Inactive—removes you from CPE requirement, still have to register; cannot provide any public accounting services
- May Smith, CPA (Inactive)
- Retired—age 55+; not performing any public accounting services; still must register if using title
- May Smith, CPA (Retired)
- Age 70+; no renewal fee

# TN CPE Rules

- Basic Biennial Rules
  1. At least 80 hours of CPE
  2. Minimum of 20 hours in each year
  3. At least 40 hours in accounting, accounting ethics, attest, taxation, or management advisory services

# Qualifying Program

- Must contribute to professional competence
- Meet standards approved by AICPA and NASBA

# Program Requirements

- Outline
- One hour of CPE for each 50 minutes of instruction
- Approved NASBA sponsor (or by TN law)
- Qualified discussion leader
- Record of attendance is kept
- Content reviewed by competent authority

# By Rule, Qualified Programs

- AICPA/TSCPA and chapters of TSCPA
- Programs recognized by TN SBOA
- Technical sessions of meetings of AICPA, TSCPA, NASBA
- Organized in-firm or in-house programs offered without charge
- University or college courses

# Qualified Sponsors Exempt from Registration

- Professional accounting organizations
- Universities/colleges
- Firms or other entities offering in-house or in-firm programs for clients at no charge
- Government entities
- All others must register with NASBA and/or TSBOA

# Reporting of CPE

- Affirmed biennially (every 2 years) w/renewal
- Even/odd reporting year requirement based on last digit of license number
- Minimum of 80 hours each 2 year period (minimum 20 hours in one year)

# CPE Audit

- All TN CPAs are subject to random audit of CPE
- Upon request-provide evidence of CPE
- Keep your CPE records for 5 years
- Inactive classification-not subject to CPE rules
- Must have word “inactive” adjacent to CPA



# Failure to Meet Rules

- Penalty of additional CPE may be assessed (8 or more hours)
- Must be completed within 180 days of notice
- Extension may be granted to meet CPE



# Additional CPE Requirements

- 2 hours of TN Specific Ethics
- If providing attest functions, at least 20 hours, biennially, in A&A
- Expert witness must have at least 20 hours in field of expertise
- Carryforward of 24 hours but not as specific content hours

# Other Licensing Issues

- **Delinquent**-failed to renew w/fee payment but still practicing
- **Expired**-individual or firm that chooses not to renew and surrenders the license to SBOA
- **Reactivate**-if “inactive”--needs 80 hrs of CPE during prior 24 month period
- **Reinstate**-action requested following Board revocation of license
- **Lapse**--80 hrs CPE in 6 mos/penalty hrs

# *Firm License*

- Every firm providing services covered by the Tennessee Accountancy Act must register with the TSBOA
- Sole proprietorship is a firm
- Must pay annual registration/renewal fee
- Must maintain current address, partners, etc
- Firm must be majority owned by CPAs

# Peer Review

- Each firm in TN performing attest services will submit to a peer review **at least once every three years**
- Review may be conducted by PCAOB, TSCPA, or AICPA

# Results of Peer Review



- Results are communicated to firm
- If sub-standard, may require remediation
- Board may take further action if firm ignores or refuses to comply with review recommendation

# What's New?

- Reciprocity-49 states now honor individual CPA license
- Board may recognize *substantially equivalent foreign* designation
- Visit NASBA site for current info
- AICPA-is offering exam internationally

# Setting Ethical Standards

- SEC—given federal statutory authority to define auditor independence
- PCAOB—given responsibility for ethics & independence rules for auditors of public companies
- AICPA—Code of Professional Conduct



# Points to Ponder

1. It's not about losing your license or going to jail—it's about losing your integrity!!

# Points to Ponder

1. It's not about losing your license or going to jail—it's about losing your integrity!!
2. Temptation is real, so how do you avoid temptation?

# Points to Ponder

1. It's not about losing your license or going to jail—it's about losing your integrity!!
2. Temptation is real, so how do you avoid temptation?
3. Rationalization is a powerful temptation to be avoided at all costs.

# Tennessee Specific Ethics 2014

**END OF 1<sup>ST</sup> HOUR**

# Questions/Comments

## Do the Right Thing!

[dhaddock@lbmc.com](mailto:dhaddock@lbmc.com)