

FINAL/APPROVED for June 20, 2013
THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Thursday, June 20, 2013 in Board Room 3 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: Tyrone E. Dickerson, CPA, Chairman
Andrea M. Kilmer, CPA, CFF, Vice Chair
W. Barclay Bradshaw, CPA
Marc B. Moyers, CPA
Stephanie S. Saunders, CPA
Robert J. Cochran, Ph.D., CPA
Public Member Position - VACANT

MEMBERS ABSENT: None

STAFF PRESENT: Wade A. Jewell, Executive Director
Chantal K. Scifres, Deputy Director
Mary T. Charity, Director of Operations
Amy A. Hibbard, Communications Manager
Dreana L. Gilliam, Board Administrator
Jean Grant, Enforcement Manager
Patti Hambright, Licensing and Examination Coordinator

LEGAL COUNSEL: Joshua Lief, Senior Assistant Attorney General

**PRESENT FOR A
PORTION OF
THE MEETING:**

Stephanie Peters, CAE, CEO, Virginia Society of Certified Public Accountants
Emily Walker, Government Affairs Director, Virginia Society of Certified Public Accountants
Darshae Dabney, Technical Services Specialist, Virginia Society of Certified Public Accountants
O. Whitfield Broome, Ph.D., CPA, NASBA Committee Member and former VBOA Board Member/Chairman
Stephen D. Holton, CPA, former VBOA Board Member/Chairman
Lawrence D. Samuel, CPA, former VBOA Board Member/Chairman
John W. Johnson, Director Legislative and Governmental Affairs, National Association of State Boards of Accountancy
Daniel Dustin, CPA, Vice President of State Board Relations, National Association of State Boards of Accountancy
Kristin White, CPA, Senior Accountant, Wells, Coleman & Company, LLP
Kate Wells, Intern, Office of Attorney General

CALL TO ORDER

Chairman Dickerson called the meeting to order at 10:10 a.m.

SECURITY BRIEFING

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Ms. Gilliam provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Chairman Dickerson determined there was a quorum present.

APPROVAL OF AGENDA

Upon a motion by Mr. Bradshaw and duly seconded, the members voted unanimously to approve the May 21, 2013 agenda as amended. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.

APPROVAL OF MEETING MINUTES

Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the May 21, 2013 meeting minutes. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.

WELCOME AND INTRODUCTIONS

Chairman Dickerson welcomed the members of the public and asked that they introduce themselves.

PUBLIC COMMENT PERIOD

Although members of the public were present, no comments were made at this time.

FOIA TRAINING/PRESENTATION

Maria Everett, Executive Director, Virginia Freedom of Information Advisory Council as the facilitator provided the annual training and discussed FOIA best practices regarding the procedural requirements for conducting meetings that comply with FOIA (§ 2.2-3700 et. seq. of the Code of Virginia).

NASBA PRESENTATIONS

Daniel J. Dustin, CPA, joined the NASBA team in January 2012. He formerly held the position as the Executive Secretary of the New York State Board for Public Accountancy. Mr. Dustin currently serves as NASBA’s Vice President of State Board Relations. As an advocate for state boards of accountancy seeking to find new ways and opportunities to provide support and service, he led the discussion regarding NASBA’s mission, goals, available resources and current activities to improve/ensure involvement and participation by all state boards.

SPECIAL RECOGNITION

Ms. Kilmer presented Mr. Dickerson with a certificate of resolution in recognition of his dedicated service to the VBOA over the past eight years. She thanked him for his dedication to the profession and strict adherence to the board’s mission throughout his tenure. Mr. Dickerson thanked the current and former board members of the VBOA, Wade Jewell and the board staff for performing each of their roles with dignity, professionalism and grace. He stated former members of the board set the tone for future

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expectations and he is confident that the current members will carry on the tradition going forward. Mr. Dickerson then proceeded to inform Mr. Jewell that on behalf of the board he and Ms. Kilmer have nominated him for the prestigious NASBA Lorraine P. Sachs Standards of Excellence Award for his dedication to the profession and protection of the citizens of the Commonwealth. Dr. Broome, Mr. Samuel and Mr. Holton thanked Mr. Dickerson for being a friend and for his commitment, dedication and monumental contributions to the profession. Ms. Peters thanked him on behalf of the VSCPA. Mr. Jewell thanked Mr. Dickerson for his support and leadership since his acceptance of the Executive Director position over four years ago. During Mr. Dickerson's tenure two major events occurred during his two separate terms as Board Chairman; the repeal and replacement of the VBOA regulations promulgated effective September 16, 2010 and the VBOA's first fee increase in over twenty years effective January 1, 2013.

The following resolution was made:

Resolution for the Virginia Board of Accountancy

Whereas, the mission of the Virginia Board of Accountancy is to protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of CPAs and CPA firms; and

Whereas, the Virginia Board of Accountancy is comprised of seven members who are appointed by the Governor to serve a four-year term and may not serve for more than two consecutive terms; and

Whereas, Tyrone E. Dickerson, CPA has completed eight years as a member of the Virginia Board of Accountancy; and

Whereas, Tyrone has faithfully served his terms actively, dutifully and with integrity and professionalism; and

Now, be it resolved, that the Virginia Board of Accountancy recognizes June 20, 2013 as a special day of recognition on behalf of Tyrone E. Dickerson, CPA, for his contributions, dedication and great respect for the CPA profession, and declare this day as:

Dickerson Recognition Day

RECESS FOR BOARD LUNCH

RECONVENE

NASBA PRESENTATIONS – *continued*

John W. Johnson, former Executive Director of the Florida Board of Public Accountancy and Director of Governmental Affairs for the Florida Institute of Florida CPAs became NASBA's Director of Legislative and Governmental Affairs on June 1, 2012. He led the discussion regarding NASBA's strategies to assist

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Boards of Accountancy in their efforts to improve effectiveness in developing legislative strategies and in monitoring legislation in respective states.

Ms. Kilmer is currently a member of NASBA's Board Effectiveness and Legislative Support Committee. NASBA is currently tracking 72 bills that could potentially affect the VBOA. (Mr. Jewell noted that the vast majority of these bills included the VBOA only due to the fact the VBOA was already included in "general" language of the specific statute, and that the VBOA was not targeted in any way as a result of the legislation). NASBA will notify Mr. Jewell in the event any significant activity occurs regarding the Bills.

COMMITTEE UPDATES

Mr. Dickerson, as a member of the NASBA Enforcement Resource Committee, provided a status update of the committee's activities. Mr. Dickerson participated in the May 8, 2013 conference call led by Maria-Lisa Caldwell, Esq., Chief Legal Officer and Director of Compliance Services, and Stacey Grooms, Regulatory Affairs Manager and Committee staff liaison. Topics of discussion included but were not limited to the following: The Investigator and Expert Witness databases, foreign auditor update, excessive penalties for cross-jurisdictional enforcement cases and the Enforcement newsletter. NASBA and the Enforcement Resources Committee recently launched the Investigator and Expert Witness databases. Interested individuals can submit information utilizing the online application. From the applications a database is populated and a pool of investigators and expert witnesses available for hire by state boards is made available. Nevada is currently investigating 13 foreign companies for allegedly performing audits without the required licensure. The committee also discussed the issue of "piling on" in large cases that may encompass one or more states. The members are seeking a resolution regarding how penalties may be assessed and how to avoid the unnecessary duplication. The Enforcement Resources Committee issued the first edition of the NASBA Enforcement newsletter. The newsletter will be published quarterly and combines information from the former ALD Newsletter with important information from the Enforcement Committee.

Ms. Kilmer, as a member of NASBA's Board Effectiveness and Legislative Support Committee, reported there is no new information at this time.

Mr. Jewell, as a member of NASBA's Accountancy Licensee Database (ALD)/CPAverify Committee, provided a status update of committee activities, to include an upcoming meeting in Nashville on August 6, 2013. Laurie J. Tish, CPA, has been named the 2013 ALD Committee Chair. Mr. Jewell also briefed the members on the Executive Director's Committee meeting held in New Orleans on June 8, 2013. The 2014 Executive Directors & Staff Conference will be held in Savannah, Georgia in March 2014. Finalization of the agenda topics for the 2014 meeting will be discussed at the upcoming annual meeting.

FY2014 BOARD OFFICERS & COMMITTEE ASSIGNMENTS

Upon a motion by outgoing Chairman Tyrone E. Dickerson and duly seconded the members voted unanimously to accept the nomination of Ms. Kilmer, CPA, CFF as presiding VBOA Chair for FY2014. The members voting "AYE" were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.

Chair Kilmer recommended the following committee assignments:

- Vice Chair – W. Barclay Bradshaw, CPA
- Enforcement Chair – W. Barclay Bradshaw, CPA
- Vice Chair – Stephanie Saunders, CPA

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Education/Communication Chair - Robert J. Cochran, Ph.D., CPA
Peer Review Oversight Committee Liaison – Marc Moyers, CPA
Ethics CPE Committee Liaison – Stephanie Saunders, CPA
Vice Chair – Marc Moyers, CPA

Upon a motion by Ms. Kilmer and duly seconded, the members voted unanimously to accept the chair and committee appointments as assigned for FY2014 (July 1, 2013 – June 30, 2014). The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.

EXECUTIVE DIRECTOR’S REPORT

Mr. Jewell presented general updates regarding the VBOA.

- Mr. Jewell provided a revised copy of Board Policy #4 – CPE Guidelines for review. The revised policy reflects modified language referencing additional board approved qualifying CPE. The board has approved the following exams for qualifying CPE credits; Certified Treasury Professional (CTP), Certified Management Accountant (CMA), Chartered Financial Analyst (CFA) and the Virginia Bar. Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the revision of Board Policy #4 - CPE Guidelines as presented. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.
- Mr. Jewell led the discussion regarding Board Policy #6 – CPA and International Qualification Examinations. He presented a report highlighting 32 multi-test takers that have sat for the exam 30 or more times. Following a comprehensive review and discussion of the multi-test taker report, upon a motion by Ms. Kilmer and duly seconded, the members voted unanimously to adopt the revisions to Board Policy #6 – CPA and International Qualification Examinations that provides limiting the number of times a candidate may sit for a section of the exam prior to being required to come before the board, effective June 20, 2013. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.
- Mr. Jewell informed the members that he would work with Mr. Moyers to update Board Policy #7 – Peer Review Oversight Committee (PROC).
- Mr. Jewell reported that the licensure status “expired/late renewal has been removed. The licensure status “active/renewal fee delinquent” has been implemented.
- Ms. Charity provided an overview of states with an inactive status and the CPE requirements for conversion to active from inactive. Following discussion and lengthy deliberation it was determined that further investigation and discussion is necessary. Mr. Dickerson deferred the topic to the in-coming Chair for further discussion at a later date.
- Mr. Jewell led the discussion regarding testing for the Uniform CPA Examination in Brazil. Effective July 1, 2013, testing for the Uniform CPA Examination in Brazil will be open to all qualified citizens and permanent residents of South America.
- NASBA University is a training and networking event available to state board executive directors and staff. NASBA U is a two-day session held twice a year. Ms. Charity and/or Ms. Hibbard will attend the September 17-19, 2013 session in Nashville.
- NASBA will be holding a Peer Review Oversight Committee (PROC) Summit on July 10, 2013 in Nashville. Mr. Jewell and VBOA PROC Committee member Douglas Bowles, CPA, plan to attend.
- Mr. Jewell reminded the members of the NASBA Eastern Regional Meeting in Chicago next week – June 26 – 28, 2013.

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- Mr. Jewell reminded the members of Mr. Dickerson's nomination for NASBA Middle Atlantic Regional Director. NASBA will be announcing their selection soon, possibly as soon as the Eastern Regional Meeting.
- Mr. Jewell will follow-up with Emily Walker and Stephanie Peters regarding ethics and CPE work groups.
- Mr. Jewell, Ms. Scifres, Ms. Charity, Ms. Hambright and Mr. Tazza attended the Annual VSCPA Educators Conference. The VBOA segment of the conference is an interactive lecture that encourages audience participation.
- Dr. Cochran led the discussion regarding his recent meeting with Dr. Ziegenfuss, Chair and Professor of Accounting, Old Dominion University and Dr. Paul Copley, KPMG Professor and Director, School of Accounting, James Madison University. In the interest of identifying factors that may promote successful passing of the CPA exam, Drs. Cochran, Ziegenfuss and Copley would like to conduct research via survey over the next several years. To avoid the infliction of survey overload it is their intention to only send one survey every 18-24 months. It is believed that a host of questions can be addressed by conducting this research. Dr. Cochran will draft an article to be included in the VBOA e-newsletter. Prior to publication the article will be subject to full board review and approval.
- Mr. Jewell and Mr. Bradshaw will attend the July 23, 2013 VSCPA board meeting. Mr. Jewell and a board member to be determined will also participate in the VSCPA's July 24, 2013 webcast regarding VBOA updates.
- The discussion regarding firm names and a universal renewal date for licensees was deferred to a future meeting.
- Mr. Jewell led the discussion regarding Longwood University's invitation for the VBOA to hold its fall 2013 board meeting on its campus. Upon a motion by Ms. Kilmer and duly seconded, the members voted unanimously to approve Longwood University's invitation to hold the VBOA fall 2013 meeting on campus. The members voting "AYE" were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.
- Mr. Jewell provided an update on the VBOA's participation in the Governor's Bowl Challenge. Following approval from the Governor's office the board has included a link to accept online donations from the public on the board's website. Staff plans to hold a raffle/auction and a yard sale to generate funds. In addition, food boxes have been placed in a daycare center and a restaurant to accept donations.
- Mr. Jewell provided an update on the office renovations. Staff will be relocating to the 2nd floor Conference Center the first two weeks of July. Renovation is expected to begin mid-July.
- Board Legal Counsel, Josh Lief led the discussion regarding revisions to the records retention policy and the performance of background checks for licensees. The VBOA may decrease the retention period from 10 to 7 years without the need for regulatory or statutory changes provided that there is an internal policy and is approved by the Library of Virginia. However, implementation of criminal background checks would require statutory revision.
- Ms. Peters led the discussion regarding the AICPA's recent release of a Financial Reporting Framework (FRF) for Small and Medium-Sized Entities (SMEs) and NASBA's current stance in support of the Financial Accounting Foundation (FAF) and the Private Company Council (PCC). Currently the VSCPA has not reached a formal decision regarding this matter; however, they would like to weigh-in before the VBOA finalizes any position. The VSCPA will notify the VBOA of any recommendations or position taken by their Board.

DEPUTY DIRECTOR'S REPORT

Due to time constraints an overview of the May Financial and Board Reports was not conducted. However, members were given the opportunity to pose any questions, comments or concerns having previously reviewed the information prior to the meeting.

Ms. Scifres provided an overview of the FY2014 proposed budget. Following a review and discussion upon a motion by Mr. Bradshaw and duly seconded, the members voted unanimously to approve the proposed budget as presented. The members voting "AYE" were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.

ADDITIONAL ITEMS FOR DISCUSSION & FUTURE MEETING DATES

Mr. Dickerson reminded the members to sign their conflict of interest forms and travel vouchers.

The Board has approved the following upcoming meeting dates:

August 22, 2013 / 10:00 a.m.

BEGIN CLOSED MEETING

Upon a motion by Ms. Kilmer, and duly seconded, the members approved by unanimous vote that the meeting be recessed and the VBOA immediately reconvene in closed meeting to discuss and consider the status of all open enforcement cases and cases listed on our agenda, a matter lawfully exempted from open meeting requirements within the jurisdiction of the VBOA as permitted by § 2.2-3711.A.27 of the *Code of Virginia*. The following non-members were in attendance to reasonably aid the consideration of the topic: Joshua Lief, Senior Assistant Attorney General, Wade A. Jewell, Executive Director, Jean Grant, Enforcement Manager, Kate Maxwell, OAG Intern and Dreana L. Gilliam, Board Administrator. The members voting "AYE" were Mr. Dickerson, Ms. Kilmer, Ms. Saunders, Dr. Cochran, Mr. Moyers, and Mr. Bradshaw.

END CLOSED MEETING

Upon a motion by Ms. Kilmer, and duly seconded, the VBOA approved by unanimous vote that the closed meeting, as authorized by § 2.2-3712.A of the *Code of Virginia*, be adjourned and that the VBOA immediately reconvene in open public meeting.

WHEREAS, the VBOA has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision of the Virginia Freedom of Information Act; and WHEREAS, § 2.2-3712.A of the *Code of Virginia* requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law; NOW THEREFORE, BE IT RESOLVED that the VBOA hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the VBOA.

CALL FOR VOTE:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF – Aye
Robert Cochran, Ph.D., CPA – Aye

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W. Barclay Bradshaw, CPA – Aye
Marc B. Moyers, CPA – Aye
Stephanie S. Saunders, CPA – Aye

VOTE

AYES: Six (6)
NAYS: None.

The following actions were taken as a result of the closed session:

Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the following Consent Orders as presented: Case#2013-U0001, Case#2013-U003, Case#2013-U0006 and Case#2012-U0031. The members voting “**AYE**” were Mr. Dickerson, Mr. Moyers, Dr. Cochran and Ms. Saunders.

CALL FOR VOTE:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF – Abstain
Robert Cochran, Ph.D., CPA – Aye
W. Barclay Bradshaw, CPA – Abstain
Marc B. Moyers, CPA – Aye
Stephanie S. Saunders, CPA – Aye

VOTE

AYES: Four (4)
NAYS: None.

Case#2012-U0023 (*Kilmer & Bradshaw*)

Ms. Kilmer and Mr. Bradshaw were absent and did not participate in this discussion or subsequent vote.

On behalf of the respondent, Ms. Grant presented to the members a copy his correspondence received June 19, 2013 for review and consideration.

Upon a motion by Mr. Moyers and duly seconded, the members agreed to accept the Board Order as presented.

CALL FOR VOTE:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF – Abstain
Robert Cochran, Ph.D., CPA – Aye
W. Barclay Bradshaw, CPA – Abstain
Marc B. Moyers, CPA – Aye
Stephanie S. Saunders, CPA – Aye

VOTE

AYES: Four (4)
NAYS: None.

Case#2013-D0003 and Case #2013-D0005 (*Kilmer & Bradshaw*)

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Ms. Kilmer and Mr. Bradshaw were absent and did not participate in this discussions or subsequent votes.

Upon a motion by Mr. Cochran and duly seconded, the members agreed to accept the Board Orders as presented.

CALL FOR VOTE:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF – Abstain
Robert Cochran, Ph.D., CPA – Aye
W. Barclay Bradshaw, CPA – Abstain
Marc B. Moyers, CPA – Aye
Stephanie S. Saunders, CPA – Aye

VOTE

AYES: Four (4)
NAYS: None.

BEGIN CLOSED MEETING

Upon a motion by Ms. Kilmer, and duly seconded, the members approved by unanimous vote that the meeting be recessed and the VBOA immediately reconvene in closed meeting to discuss and consider a personnel matter relating to the annual review of the Executive Director, a matter lawfully exempted from open meeting requirements within the jurisdiction of the VBOA as permitted by § 2.2-3711.A.1 of the *Code of Virginia*. The following non-members were in attendance to reasonably aid the consideration of the topic: Wade A. Jewell, Executive Director. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Bradshaw, Dr. Cochran, Mr. Moyers, and Ms. Saunders.

END CLOSED MEETING

Upon a motion by Ms. Kilmer, and duly seconded, the VBOA approved by unanimous vote that the closed meeting, as authorized by § 2.2-3712.A of the *Code of Virginia*, be adjourned and that the VBOA immediately reconvene in open public meeting.

WHEREAS, the VBOA has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision of the Virginia Freedom of Information Act; and WHEREAS, § 2.2-3712.A of the *Code of Virginia* requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law; NOW THEREFORE, BE IT RESOLVED that the VBOA hereby certifies that, to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the VBOA.

CALL FOR VOTE:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF – Aye
Robert Cochran, Ph.D., CPA – Aye
W. Barclay Bradshaw, CPA – Aye
Marc B. Moyers, CPA - Aye
Stephanie S. Saunders, CPA - Aye

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VOTE

AYES: Six (6)

NAYS: None.

No public actions were taken as a result of the closed meeting.

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Ms. Kilmer and duly seconded, the meeting was adjourned by unanimous vote at 5:18 p.m. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Bradshaw, Dr. Cochran, Mr. Moyers, and Ms. Saunders.

APPROVED:

Tyrone E. Dickerson, CPA, Chairman

COPY TESTE:

Wade A. Jewell, Executive Director