

THE VIRGINIA BOARD OF ACCOUNTANCY
MEETING MINUTES

The Virginia Board of Accountancy (Board) met on Tuesday, January 11, 2005, in Room 395 of the 3600 West Broad Street Building, Richmond, Virginia 23230.

The following Board members present for the entire meeting were:

Harry D. Dickinson, Ph.D., CPA, Chairman
Jane M. Little, CPA, Vice Chairman
O. Whitfield Broome, Ph.D., CPA
Stephen D. Holton, CPA
Regina P. Brayboy, MPA
Dian T. Calderone, MTX, CPA
Lawrence D. Samuel, CPA

The Board staff present for the entire meeting included:

Nancy Taylor Feldman, Executive Director
Mark D'Amato, Board Administrator

Also in attendance for the entire meeting was:

Howard T. Macrae, Jr., Assistant Attorney General

In attendance for the entire meeting was:

Erin Collins, Government Affairs Director, Virginia Society of Certified Public Accountants

In attendance for a portion of the meeting were:

Joseph Brown, National Society of Accountants
James W. Brackens, Jr., CPA, Virginia Society of Certified Public Accountants
Stephanie Peters, Vice President, Virginia Society of Certified Public Accountants
Barbara S. Pocalyko, CPA
Richard Pontynen, Virginia Society of Certified Public Accountants
Howard L. Rogers

Chairman Dickinson called the meeting to order at 10:10 a.m. He welcomed those in attendance to the meeting.

Call to Order

Chairman Dickinson determined that a quorum was present.

**Determination of
Quorum**

Upon a motion by Ms. Calderone, and seconded by Mr. Samuel, the Board approved by unanimous vote the agenda as amended. The members voting “**AYE**” were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

Approval of Agenda

The Board’s Final Agenda was as follows:

Call to Order
Determination of Quorum
Approval of Agenda
Public Comment Period

A. Approval of Minutes from December 3, 2004 Board Meeting

~~B. Presentation of Enterprise Licensing Software (held in Suite 378)
Rich Labonski, Senior Account Manager
System Automation Corporation~~

Recess for Working Luncheon

Reconvene

€ B. 2005 Memorandum of Understanding with DMV
Jack Christian, DMV Controller
Theresa Hollins, Budget Director

Ð C. Committee Reports:

1. Enforcement
Jane M. Little, CPA, Committee Chairman
2. Administrative/Personnel/Finance
Harry D. Dickinson, Ph.D., CPA, Committee Chairman
 - a. Financial:
(1) FY 2005 - Information as of November 30, 2004
- ~~3. Legislative/Regulatory
Stephen D. Holton, CPA, Committee Chairman~~
- 4 3. Public Relations
Harry D. Dickinson, Ph.D., CPA, Committee Chairman
- 5 4. Education/Examination
O. Whitfield Broome, Ph.D., CPA, Committee Chairman
- 6 5. Strategic Planning

O. Whitfield Broome, Ph.D., CPA, Committee Chairman

7.6. Executive

Harry D. Dickinson, Ph.D., CPA, Committee Chairman

7. Legislative/Regulatory

Stephen D. Holton, CPA, Committee Chairman

D. New Business:

1. NASBA

- a. Vice Chairman Nominee
- b. Regional Directors' Focus Questions

E. Future Meetings

Sign Conflict of Interest Forms
Complete Travel Expense Vouchers

Adjournment

Chairman Dickinson opened the floor for public comment.

**Public Comment
Period**

The following attendees introduced themselves to the Board: (1) Ms. Collins, the Government Affairs Director with the Virginia Society of Certified Public Accountants (VSCPA), and (2) Joseph Brown, a representative of the National Society of Accountants (NSA).

With no other members of the public wishing to address the Board about an issue of concern to them, Chairman Dickinson moved to the next item of business.

The members reviewed the draft minutes from the December 3, 2004 Board meeting.

**A. Approval of
Minutes from
December 3, 2004
Board Meeting**

Upon a motion by Mr. Samuel, and seconded by Dr. Broome, the Board approved by unanimous vote the minutes, as amended, from its meeting on December 3, 2004. The members voting "AYE" were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

Since the Enterprise Licensing Software presentation was removed

B. 2005

from the agenda, Chairman Dickinson moved onto the next item of business. Due to this change, Mr. Christian and Ms. Hollins were not present for the discussion.

The members reviewed the 2005 Memorandum of Understanding (MOU) with the Virginia Department of Motor Vehicles (DMV) prepared for the Board. Ms. Feldman informed the members that DMV provides similar services to other state agencies.

Chairman Dickinson noted that the Executive Committee had looked at the MOU and wanted to propose a modification to its language.

Upon a motion by Mr. Samuel, and seconded by Ms. Brayboy, the Board, by unanimous vote, approved the MOU with DMV, as amended, to address how the cost for additional services will be discussed between the Board and DMV. Such language would be finalized between the Executive Director and Mr. Christian. The members voting "AYE" were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

Chairman Dickinson asked Ms. Feldman to contact Mr. Christian to finalize the MOU.

Ms. Little, as chairman of the Enforcement Committee, gave a report on the committee meeting held on January 10, 2005. She informed the other members that the Committee: (1) did not have many open cases remaining; (2) created a working document with criteria about the mediation and alternative dispute resolution process, which was handed out to the other members; (3) continued its work on the list of sanctions related to unlicensed activity; and (4) had three Informal Fact-finding Conferences (IFFs) scheduled for February. Ms. Little observed that she would serve as the hearing officer for the three IFFs.

Dr. Dickinson, as chairman of the Administrative/Personnel/Finance Committee, informed the other Board members that the committee had not met.

The Board received the financial statements from the staff for information purposes only, and took no action.

Memorandum of Understanding with DMV – Jack Christian, DMV Controller, and Theresa Hollins, Budget Director

C. Committee Reports:
2. Enforcement – Jane M. Little, CPA, Committee Chairman

2. Administrative/Personnel/Finance – Harry D. Dickinson Ph.D., CPA, Committee Chairman
a. Financial:
(1) FY 2005 - Information as of November 30, 2004

Dr. Dickinson, as chairman of the Public Relations Committee, informed the other Board members that the committee had not met. Then, he initiated a discussion about two issues related to public relations that was discussed by the Executive Committee: (1) how to proceed with the newsletter; and (2) how to communicate with regulants about (a) maintaining their current address, (b) remembering their expiration date, and (c) checking with their firms to eliminate any e-mail filters that may block the Board's communication.

3. Public Relations – Harry D. Dickinson Ph.D., CPA, Committee Chairman

Ms. Collins told the Board about the breakdown from the list of expired licensees provided by the Board staff to the VSCPA.

The Board recessed from 11:45 a.m. to 1:45 p.m. for a working luncheon.

Recess for Working Luncheon

After resuming their discussion about the two issues addressed prior to the luncheon recess, the members agreed to: (1) put the January 2005 issue of the newsletter Advisor on the Board's website; and (2) send a postcard to regulants with: (a) a notification about the newsletter, (b) a reminder to check their address and license expiration date, and (c) a request to have their firm remove any spam filters from their e-mail system that may block Board communication.

C. Committee Reports (cont'd): 3. Public Relations (cont'd) – Harry D. Dickinson Ph.D., CPA, Committee Chairman

Dr. Broome, as chairman of the Education/Examination Committee, informed the other Board members that the committee had not met. Then, he reviewed three issues: (1) the letter being prepared for college and university administrators and faculty about the 150-hour education requirement was still in process; (2) the review of the professional ethics course of the American Institute of Certified Public Accountants (AICPA) was still underway; and (3) the visit by individual Board members to the Prometric CPA exam sites still needed to be arranged. The members agreed that Dr. Broome would prepare a checklist for their use during site visits; it was to be ready by late spring or early summer. Ms. Feldman agreed to send a copy of the paper-and-pencil CPA exam site visit checklist to Dr. Broome.

4. Education/ Examination – O. Whitfield Broome Ph.D., CPA, Committee Chairman

Dr. Broome, as chairman of the Strategic Planning Committee, informed the other Board members that the committee had not met. Chairman Dickinson mentioned that dates for the Strategic Planning

5. Strategic Planning – O. Whitfield Broome

Retreat would be discussed during the agenda item about future meetings.

Ph.D., CPA,
Committee
Chairman

Dr. Dickinson, as chairman of the Executive Committee, gave a report on the committee meeting held on January 6, 2005. He noted several issues discussed by the committee: (1) how to handle the promulgation process for regulatory changes, including current and future changes; (2) how to handle any possible review of the Board's required CPE ethics course and the sponsors providing the course; (3) how to gain enough information about whether to accept the firm inspection reports from the Public Company Accounting Oversight Board (PCAOB); and (4) how to handle the issue about registering firms that use the CPA title.

6. Executive –
Harry D. Dickinson
Ph.D., CPA,
Committee
Chairman

Discussion then began on the above items. On item two concerning the CPE Ethics course and CPE sponsors, the members agreed to task the Education/Examination Committee to review this matter and make any recommendations. On item three, the members agreed to wait for a report from Mr. Macrae upon his return from the Legal Counsels' Conference sponsored by the National Association of State Boards of Accountancy (NASBA) in March. The members also agreed to assign item four to the Legislative/Regulatory Committee for review.

Mr. Holton, not in his capacity as committee chairman, but as a committee of one, presented two revised draft documents to the other members about: (1) a possible structure for a conceptual approach to regulations; and (2) possible interpretations of existing statutes and regulations to provide interpretations relevant to practice issues.

7. Legislative/
Regulatory –
Stephen D. Holton,
CPA, Committee
Chairman

After the members discussed these documents, Chairman Dickinson assigned Mr. Holton to revise the documents according to the just-concluded discussion and to present them to the Board at its April meeting. Chairman Dickinson thanked Mr. Holton for his work on these documents.

As a result of this discussion, the Board asked staff to request a NASBA quick poll to determine what other state boards of accountancy require their licensees to do when they no longer practice as a CPA in their state. The Board also asked staff to find out the number of foreign residents in the licensee database. The Board then agreed that the Executive Committee would review the draft response prepared by staff to the Economic Impact Analysis (EIA) submitted by the Department of Planning and Budget (DPB), in response to the Board's regulatory package 1 (concerning Ethics CPE and the

computer-based CPA exam) for any changes, and submit them to Ms. Feldman.

The Board recessed from 4:00 p.m. to 4:10 p.m.

The members discussed the matter of the CPE Ethics course requirement, which had been effective as an emergency regulation from December 15, 2003 to December 15, 2004. Mr. Macrae was asked by the Board to research this issue in light of the expiration of the emergency regulations. The Board also tasked the Executive Committee to determine a date, time and location for a public hearing for proposed regulatory package 1.

The members discussed commending to the NASBA Nominating Committee the name of Wesley P. Johnson to be the Vice Chairman nominee for the 2005-2006 fiscal year.

Upon a motion by Mr. Samuel, and seconded by Vice Chairman Little, the Board approved by unanimous vote submitting Mr. Johnson's name to the NASBA Nominating Committee for the office of Vice Chairman for the 2005-2006 fiscal year. The members voting "AYE" were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

The Board reviewed the focus questions from NASBA's Regional Directors. The first question regarding the increased transparency of the peer review process was discussed in regards to how the requirement to submit peer review documents would protect the public, and would be affected by the Virginia Freedom of information Act (FOIA). The Board agreed that no consensus was reached on this issue, and so no comment would be made on the transparency issue.

The Board then discussed the third question about practice privileges for substantially equivalent CPAs. The Board agreed that further discussion on this topic is needed.

The members agreed to the following schedule of Board meetings: (1) Friday, April 22, 2005; (2) Wednesday, June 29, 2005; and (3) Thursday, August 4, 2005 (subsequently changed by the Board to July 26, 2005).

Board Recess

7. Legislative/ Regulatory (cont'd) **- Stephen D. Holton, CPA, Committee Chairman**

D. New Business: **1. NASBA:** **a. Vice Chairman Nominee**

b. Regional Directors' Focus Questions

E. Future Meetings

They next turned to setting up a date for the Strategic Planning retreat. The Board agreed to the following dates: (1) Thursday, May 12, 2005, and Friday, May 13, 2005; or (2) Thursday, May 19, 2005, and Friday, May 20, 2005.

Other important dates discussed by the members included: (1) NASBA's Eastern Regional Meeting – June 15-17, 2005 (subsequently changed by NASBA to June 8-10, 2005); (2) the deadline to submit statute changes to the Secretary of Commerce and Trade's office – August 15, 2005; and (3) NASBA's 98th Annual Meeting – October 30-November 2, 2005.

Chairman Dickinson asked the members to complete their conflict of interest forms.

**Conflict of
Interest Forms**

Chairman Dickinson asked the members to complete their travel expense vouchers.

**Travel Expense
Vouchers**

With no further business coming before the Board, upon a motion by Dr. Broome, and seconded by Vice Chairman Little, the meeting was adjourned by unanimous vote at 5:25 p.m. The members voting "AYE" were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

Adjournment

APPROVED:

Harry D. Dickinson, Ph.D., CPA, Chairman

COPY TESTE:

Nancy Taylor Feldman, Executive Director