

THE VIRGINIA BOARD OF ACCOUNTANCY

MEETING MINUTES

The Virginia Board of Accountancy (Board) met on Tuesday, July 26, 2005, in Room 395 of the 3600 West Broad Street Building, Richmond, Virginia 23230.

The following Board members present for the entire meeting were:

Jane M. Little, CPA, Chairman
Stephen D. Holton, CPA, Vice Chairman
O. Whitfield Broome, Ph.D., CPA
Dian T. Calderone, MTX, CPA
Lawrence D. Samuel, CPA
Tyrone E. Dickerson, CPA

The following Board member present for a portion of the meeting was:

Regina P. Brayboy, MPA

The Board staff members present for the entire meeting were:

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 a portion of the meeting were:

James W. Brackens, Jr., CPA, Member, Board of Directors, Virginia Society of Certified Public Accountants
Erin Collins, Government Affairs Director, Virginia Society of Certified Public Accountants
Richard P. Pontynen, CPA, Member, Peer Review Committee, Virginia Society of Certified Public Accountants

Chairman Little called the meeting to order at 9:10 a.m. She welcomed those in attendance to the meeting. She noted how honored she was to be serving as the new chair of the Board, and identified the goals to be accomplished during her chairmanship.

Call to Order

Chairman Little introduced Tyrone E. Dickerson, CPA, to the other members. The members welcomed him to the Board.

**Introduction of New
Board Member –
Tyrone E.
Dickerson, CPA of
Richmond**

Chairman Little determined that a quorum was present.

**Determination of
Quorum**

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

Approval of Agenda

The Board’s Final Agenda as amended was as follows:

Call to Order

Introduction of New Board Member

Tyrone E. Dickerson, CPA of Richmond

Determination of Quorum

Approval of Agenda

Public Comment Period

A. Approval of Minutes from June 29, 2005 Board meeting

B. Committee Reports:

1. Executive

Jane M. Little, CPA, Committee Chairman

2. Public Relations

Regina P. Brayboy, MPA, Committee Chairman

3. Education/Examination

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

a. Feasibility of Providing Exam Services In-house

4. Legislative/Regulatory

Stephen D. Holton, CPA, Committee Chairman

a. Proposal for 2006 General Assembly Session

b. Proposed Regulations (Package #1)

5. Enforcement

Lawrence D. Samuel, CPA, Committee Chairman

a. Case: File Number: 2005-E02 (Cindy Hobson)

Working Lunch

C. NASBA

1. 98th Annual Meeting (10/30-11/2/2005) – Tucson, Arizona

D. Future Meetings and Training

1. Strategic Planning Retreat – (Woodlands Hotel) Williamsburg, Virginia
 - a. Thursday, 9/15/2005 – 6:00 to 8:00 p.m.
 - b. Friday, 9/16/2005 – 8:00 a.m. to 5:00 p.m.

E. Board Reports:

1. Statistics
 - a. Applications Processed
 - b. Complaints Processed
 - c. Average Complaint Resolution Time
 - d. Closed Case Summary Report
 - e. CPE Report
2. Financial
 - a. FY 2005 – Period ending June 30, 2005

Sign Conflict of Interest Forms
Complete Travel Expense Vouchers

Adjournment

Chairman Little opened the floor for public comment.

**Public Comment
Period**

The following attendees introduced themselves to the Board: (1) Mr. Brackens, a member of the Board of Directors of the Virginia Society of Certified Public Accountants (VSCPA), (2) Ms. Collins, the Government Affairs Director with the VSCPA and (3) Mr. Pontynen, a member of the Peer Review Committee of the VSCPA. The three attendees had no comments for the Board at this time.

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

The members reviewed the draft minutes from the Board meeting held on June 29, 2005.

**A. Approval of
Minutes from June
29, 2005 Board
meeting**

Upon a motion by Mr. Samuel, and seconded by Ms. Calderone, the Board by unanimous vote approved the minutes as amended from its meeting on June 29, 2005. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

Ms. Feldman informed the members that the Board staff recently received its first communication from the Public Company Accounting Oversight Board (PCAOB) in the form of a report involving a CPA firm, which was identified as being licensed in Virginia, but was not registered at the time of the firm's review. The report, she stated, which is not subject to the PCAOB's confidentiality requirement, is currently being reviewed.

Ms. Little, as committee chair, informed the other members that the Executive Committee had not met. She then reviewed some guidelines provided to the other Board members, which included: (1) scheduling only four full Board meetings a year; (2) scheduling committee meetings during those months in which the Board does not meet; (3) identifying one major goal for each committee to accomplish during the year; (4) working with the Board staff to draw upon their expertise; and (5) holding one of the Board's meetings outside of Richmond. She suggested that this latter meeting might be held in tandem with a conference taking place outside of Richmond, for example, the VSCPA's Leadership Conference in May 2006. She also noted that the Board's Strategic Planning Retreat had been scheduled for mid-September in Williamsburg.

Ms. Brayboy, as committee chair, noted that the Public Relations Committee had not met. However, one item discussed with the Board chair concerned creating a one-hour program about the Board to be broadcast on the Public Broadcasting Stations (PBS)—a radio show—throughout the Hampton Roads area. This program would be a call-in show that would be taped and then made available to the public in various formats.

Ms. Feldman told the members that a draft of the Board's newsletter would be sent to them around the first of September in order to get their comments. Topics to be addressed in the newsletter included changes to: (1) the makeup of the Board, (2) the Board's regulations, and (3) the CPA exam.

Ms. Feldman also stated that the Board staff had received a wonderful response to the e-mail request for volunteers to serve on the Board's new ad-hoc committee to prepare the 2006 Virginia Ethics CPE course outline.

The Board then reviewed several ideas about how to recognize passing CPA exam candidates and new licensees. In addition, the

B. Committee Reports:
1. Executive – Jane M. Little, CPA, Committee Chairman

2. Public Relations – Regina P. Brayboy, MPA, Committee Chairman

members discussed the need to alleviate any confusion on the part of candidates, licensees and the public about the role of the Board and the VSCPA.

Dr. Broome, as committee chair, noted that the Education/ Examination Committee had not met. He then provided the other members with a list of goals on which the committee wanted to work over the next year.

The committee's goals included: (1) working more closely with CPA Examination Services (CPAES) during the final year of its contract to ensure better service for Virginia's candidates; (2) forming an ad-hoc committee to review and prepare the outline for the 2006 Virginia Ethics CPE course; (3) creating a process to approve providers of the Board's Ethics CPE course; and (4) creating a procedure for those licensees who do not take the Board's Ethics CPE course. The committee would also monitor the implementation of the 150-hour education requirement, which begins on July 1, 2006.

Dr. Broome then suggested that the Board's next newsletter include an article about the importance of selecting good CPE providers and informing the Board about any bad experience with a particular CPE course that a licensee had taken.

The members then discussed a memo prepared by the committee outlining a proposal for the Board to bring the administration of the CPA exam in-house at the end of its current contract with CPAES in August 2006.

Upon a motion by Mr. Samuel, and seconded by Mr. Holton, the Board by unanimous vote agreed to: (1) bring the administration of the CPA exam back in-house at the end of its contract with CPAES in August 2006; (2) raise the Board's appropriation by \$200,000; and (3) increase the Board's maximum employment level (MEL) by three employees. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

The Board also agreed to: (1) develop a process analysis of goals, objectives, strategies, tactics and milestones for the Board's administration of the CPA exam; (2) prepare and send a letter to CPAES about the Board's decision; and (3) visit the Prometric CPA exam sites for evaluation purposes.

3. Education/
Examination – O.
Whitfield Broome,
Ph.D., CPA,
Committee
Chairman
a. Feasibility of
Providing Exam
Services In-house

The Board recessed from 10:26 a.m. to 10:50 a.m.

Board Recess

Mr. Holton, not as committee chair but as an individual Board member, reviewed a handout with the other members that outlined changes in the Board's statutes and regulations. He proposed that any final wording changes would be submitted to the other members by e-mail to obtain their final approval. After the members agreed, Mr. Holton proceeded with his review, requesting Board approval for each subheading in the handout.

B. Committee Reports (cont'd):
4. Legislative/Regulatory –
Stephen D. Holton,
CPA, Committee
Chairman
a. Proposal for 2006
General Assembly
Session

Upon a motion by Mr. Samuel, and seconded by Ms. Brayboy, the Board by unanimous vote approved the statutory changes to address the use of the term "CPA." The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

Ms. Brayboy left the meeting at 11:55 a.m.

Upon a motion by Dr. Broome, and seconded by Mr. Samuel, the Board by unanimous vote approved the statutory changes to address the registration of firms. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

Upon a motion by Dr. Broome, and seconded by Mr. Samuel, the Board by unanimous vote approved the statutory changes to address the accreditation of educational institutions. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

Upon a motion by Mr. Samuel, and seconded by Dr. Broome, the Board by unanimous vote approved the statutory changes to remove a reference that is not applicable to the Board since it is no longer part of the Department of Professional and Occupational Regulation (DPOR). The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

The members agreed to continue their discussion during a working lunch.

Working Lunch

Upon a motion by Mr. Dickerson, and seconded by Ms. Calderone, the Board by unanimous vote approved the addition of a new statute

a. Proposal for 2006
General Assembly

section to address the existence of a common body of knowledge and the revision of a current statute section about the common body of knowledge. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

Session (cont’d)

Upon a motion by Dr. Broome, and seconded by Mr. Samuel, the Board by unanimous vote approved the addition of a new statute section to address the phase-in of requirements for the CPA exam. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

Upon a motion by Ms. Calderone, and seconded by Dr. Broome, the Board by unanimous vote approved the statutory changes to address CPE policies with the caveats that Mr. Holton will: (1) revise the proposed language of § 54.1-4410.E according to agreed upon guidelines; and (2) submit these revisions, as well as any others, to the members for a final review. Furthermore, upon that final review and approval, the statute changes in total are to be submitted as the Board’s proposal for the 2006 General Assembly session. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

Upon a motion by Mr. Dickerson, and seconded by Ms. Calderone, the Board by unanimous vote approved the revisions to the regulations approved by the Board in May 2004, and the submission of these regulations as a final package. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

**b. Proposed
Regulations
(Package #1)**

Dr. Broome suggested that some frequently asked questions (FAQs) should be formulated to address the changes reviewed and approved by the Board. Ms. Feldman replied that each Board committee should prepare its own FAQs, which would then be added to the Board's website.

Chairman Little thanked Mr. Holton on behalf of the Board for all of his hard work on the statutes and regulations.

Dr. Broome stated that he would recuse himself from any action on this enforcement case due to his involvement as the Presiding Officer for the Informal Fact-Finding (IFF) Conference. Dr. Broome left the room.

**5. Enforcement –
Lawrence D.
Samuel, CPA,
Committee**

Chairman Little told the members that their task would be to review the recommended findings of fact and actions contained in the Presiding Officer's IFF Conference Report. The members may adopt, modify, or reject the findings of facts and actions recommended in that report.

Chairman
a. Case: File
Number: 2005-E02
(Cindy Hobson)

The Board reviewed the case, which involved a CPA exam candidate who requested that the Board reevaluate the score she received on the Financial Accounting and Reporting (FAR) section of the CPA exam due to the computer problems encountered while she took that exam section.

In the matter of **File Number 2005-E02 (Cindy Hobson)**, the Board reviewed the IFF Conference Report with the recommendations of the Presiding Officer, which included its findings of fact and actions. Ms. Hobson was not present, nor was her attorney present to represent her.

Upon a motion by Mr. Holton, and seconded by Ms. Calderone, the Board by majority vote approved the IFF Conference Report's findings of fact and actions whereby: (1) Hobson's score on the November 30, 2004, FAR section of the CPA exam should stand; (2) Hobson should be allowed to retest on the FAR section of the CPA exam at no cost; and (3) the time limit that Hobson has for completing the CPA exam should be extended by six months, the approximate time the case has been under review. The members voting "AYE" were Ms. Little, Mr. Holton, Ms. Calderone, and Mr. Samuel. Mr. Dickerson abstained from the vote. Dr. Broome was not present and did not participate in the discussion or vote.

Mr. Samuel, as the incoming chair of the Enforcement Committee, told the other members that his preliminary goals for the committee included reducing the number of open cases and the time in which to process such cases.

The Board approved the following members to attend the 98th Annual Meeting of the National Association of State Boards of Accountancy (NASBA): Ms. Calderone, Ms. Brayboy, Mr. Dickerson, Mr. Samuel, Ms. Little, and Mr. Holton. Dr. Broome was unable to attend the meeting due to a teaching commitment.

C. NASBA
1. 98th Annual
Meeting (10/30-
11/2/2005) – Tucson,
Arizona

The Board also approved the following individuals to attend the computer-based test (CBT) Examination Symposium sponsored by NASBA: Ms. Little, Ms. Feldman and Mary Charity, the Board's

Licensing Coordinator.

The Board discussed the strategic planning retreat, which would be held at the Woodlands Hotel on the 15th and 16th of September. Gregory Richardson—a partner with Goodman and Company, and the director of its Human Resource Services Division—had agreed to serve as the facilitator for the Board’s retreat. Since the retreat will be a public meeting, it was noted, an agenda will be sent to the members, and will be available to the public. Chairman Little requested that all members should bring their calendars to the retreat so future Board meeting dates can be determined.

D. Future Meetings and Training
1. Strategic Planning Retreat – (Woodlands Hotel) – Williamsburg, Virginia

The Board received several statistics reports from the Board staff for informational purposes only, and took no action.

E. Board Reports:
1. Statistics
a. Applications Processed
b. Complaints Processed
c. Average Complaint Resolution Time
d. Closed Case Summary Report
e. CPE Report

The Board received a financial statement for the period ending June 30, 2005, from the Board staff for information purposes only, and took no action.

2. Financial:
a. FY2005 – Period ending June 30, 2005

Chairman Little asked the members to complete and sign their conflict of interest forms.

Conflict of Interest Forms

Chairman Little asked the members to complete and sign their travel expense vouchers.

Travel Expense Vouchers

With no further business coming before the Board, upon a motion by **Adjournment** Dr. Broome, and seconded by Ms. Calderone, the meeting was adjourned by unanimous vote at 1:50 p.m. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

APPROVED:

Jane M. Little, CPA, Chairman

COPY TESTE:

Nancy Taylor Feldman, Executive Director