

**THE VIRGINIA BOARD OF ACCOUNTANCY  
MEETING MINUTES**

The Virginia Board of Accountancy (Board) met on Wednesday, June 18, 2008, in Board Room 1 of the Perimeter Center, 9960 Mayland Drive, Richmond, Virginia 23233.

The following Board members present for the entire meeting were:

Lawrence D. Samuel, CPA, Chairman  
Dian T. Calderone, MTX, CPA, Vice Chairman  
Stephen D. Holton, CPA, Immediate Past Chairman  
O. Whitfield Broome, Ph.D., CPA  
Regina P. Brayboy, MPA  
Tyrone E. Dickerson, CPA  
William E. Hunt, CPA

The following Board members absent for the entire meeting were:

None

The Board staff members present for the entire meeting were:

Nancy Taylor Feldman, Executive Director/Agency Head  
Dreana L. Gilliam, Board Administrator  
Jean Grant, Enforcement Manager/Investigator

Also in attendance for the meeting was:

Cynthia H. Norwood, Assistant Attorney General

In attendance for a portion of the meeting were:

Katherine Idrissi, Special Assistant to the Executive Director  
Stephanie Peters, President and CEO, Virginia Society of Certified Public Accountants  
Maureen Dingus, Virginia Society of Certified Public Accountants

Security Briefing  
Chairman Samuel called the meeting to order at 10:10 a.m.

**Katherine Idrissi**  
**Call to Order**

Chairman Samuel determined that a quorum was present.

**Determination of**  
**Quorum**

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

**Approval of**  
**Agenda**

- 10:00 a.m. Security Briefing – *Katherine Idrissi, Special Assistant*  
Call to Order – *Lawrence D. Samuel, CPA, Chairman*  
Determination of Quorum  
Approval of Agenda  
Public Comment Period
- 10:20 a.m. 1. Consent Agenda  
Board Minutes – April 30, 2008  
Board Retreat Report – May 15, 2008
- 10:30 a.m. 2. Legislative/Regulatory Report – *Stephen D. Holton, CPA*  
*Immediate Past Chairman*
3. NASBA Matters  
Report on NASBA Future of the Exam Meeting held May 19, 2008  
Report on NASBA Eastern Regional Meeting held June 11-13, 2008  
Discussion of White Paper from Illinois Board of Examiners  
101<sup>st</sup> NASBA Annual Meeting to be held October 26-29, 2008
- 12:30 – 1:00 p.m. **Board Luncheon**
- 1:00 p.m. 4. Enforcement Report – *Dian T. Calderone, MTX, CPA*  
*Enforcement Committee Chairman*  
Report on NASBA Revised Government Referral Process
- 1:40 p.m. 5. Discussion of VBOA IT Expenses – *Nancy Feldman,*  
*Executive Director*
- 2:15 p.m. 6. Discussion of VBOA Administrative Services – *Nancy*  
*Feldman, Executive Director*
- 3:00 p.m. 7. Election of Officers – *Lawrence D. Samuel, CPA, Chairman*

3:30 p.m. 8. Future Meeting Dates – (Bring Calendars)  
Draft letter to border states

Sign Conflict of Interests Forms  
Complete Travel Expense Vouchers

Adjournment

**\*Five-minute public comment, per person, on those items not included on the agenda.**

*Persons desiring to attend the meeting and requiring special accommodations/interpretive services should contact the Board Office at (804) 367-8505 or TDD (804) 367-9753 at least ten (10) days prior to the meeting so that suitable arrangements can be made for an appropriate accommodation. The Board fully complies with the Americans with Disabilities Act.*

Members of the public were in attendance but did not address the Board during the public comment period.

The members agreed to defer approval of the consent agenda, which included the minutes from the Board meeting held on April 30, 2008 and the Annual Board Retreat held on May 15, 2008.

The members agreed to move this item down on the agenda.

Ms. Calderone led the discussion regarding the NASBA Future of the Exam Meeting held May 19, 2008.

Cost, control, contingency examination, contract and international examination delivery were the key topics of the meeting. Sam Cotterell, Chairman explained the purpose of the meeting was to determine how to improve the CPA exam. Mr. Cotterell indicated that the computer-based test has been a success and looking forward, now is the time to begin

### **Public Comment Period**

#### **1. Consent Agenda**

#### **2. Legislative/Regulatory Report – Stephen D. Holton, CPA, Immediate Past Chairman**

#### **3. NASBA Matters**

improvements/enhancements to the exam.

David Costello, President led the discussion regarding what has occurred in the years since the computer-based test was implemented and what could happen in the future. Mr. Costello identified four areas of concern regarding the exam, 1) candidate volume, 2) simulations, 3) the cut and paste function, and 4) the NASBA/AICPA/Prometric agreement.

Mr. Cotterell and Mr. Costello both suggested future planning encompasses addressing all issues regarding cost, confidentiality, control of the exam by NASBA and the state boards, and contractual issues between NASBA, the AICPA, and Prometric.

John Peace, chair of the Joint Committee on International Delivery of the CPA Exam led the discussion regarding the development and implementation of an international exam. Per Mr. Peace, NASBA would issue certificates to those individuals passing the exam. Upon verification of experience they could be given a certificate authorizing use of the CPA designation without holding a CPA license in any of the 55 licensing jurisdictions. Many representatives of the licensing jurisdictions in attendance strongly opposed allowing NASBA to permit the use of the CPA designation without applying for licensure through a state board. It was suggested that the individuals in question be required to apply to any of the 55 licensing jurisdictions.

Joseph Cote, NASBA, Executive Vice President led the discussion regarding the costs of the CPA Exam. Mr. Cote reported that the state boards have the primary responsibility for the cost of exam.

Robert Pearson, CLEC Chairman led the discussion regarding the AICPA Board of Examiners. Mr. Pearson reported that nine of the 16 members appointed to the current AICPA Board of Examiners have state board experience, however, they are not appointed to their one-year terms by NASBA.

Dan Dustin, Executive Secretary, New York Board of Public Accountancy led the discussion regarding the development of a contingency exam. NASBA administrators stressed the need for a contingency exam is not an attempt to replace the Uniform CPA Examination. The need for a contingency exam is an attempt to develop a cure for the weaknesses which may occur in the event of an emergency. Mr. Dustin suggested that during the three years it will take to construct the exam, each state board should look into their laws to see if they have the statutory authority to administer their own exam.

In response to the comments regarding the NASBA Future of the Exam Meeting, Dr. Broome stated the following:

The AICPA Board of Examiners issued an RFP, and as a result hired Grant Thornton to identify areas requiring improvement. The review resulted in thirteen recommendations to improve the overall quality. Approximately five or six of the recommendations were identified as “critical,” and are currently being addressed.

In regard to the terms of the AICPA Board of Examiners, in an effort to maintain continuity, it is not practical to change the chair of a board annually.

The contractual agreement between NASBA, Prometric, and the AICPA took years to complete and the relationship is overseen by a CBT Steering Group. NASBA representatives are in attendance at each Board of Examiners meeting and have full use of the floor to voice comments and concerns.

In regard to the implementation and development of a NASBA contingency exam, the questions would be of poor quality, there is no plan to include simulations, and most importantly the exam would be out of date within 18 months.

In regard to the development and implementation of an international exam, many safeguards will need to be in place to ensure the content validity of the exam, reliability of the test scores, and overall security. The AICPA recently uncovered a scandal surrounding the Prometric Test Sites located in Guam and a copyright infringement lawsuit is pending.

Mr. Samuel led the discussion regarding the NASBA Eastern Regional Meeting. The Accountancy Licensing Database has been launched and NASBA officials indicated all issues have been taken care of. South Carolina has begun utilizing the system and reported that assistance from NASBA during the implementation phase would have been useful. Virginia plans to participate in the Accountancy Licensing Database when the new licensing database is implemented.

**NASBA Eastern  
Regional  
Meeting**

The development of International Reporting standards involves many issues (testing, licensing, eligibility, and CPE). Previous planning for the transition did occur, however, there are still some unresolved issues but it appears the end is in sight.

Florida and South Carolina passed mobility legislation this week.

Mississippi was recently given the authority to impose monetary sanctions up to \$100,000.

Budgets are tight in many states, and as a result, enforcement investigations by state boards under umbrella agencies are compromised due to lack of knowledge and skill in handling accountancy issues.

Ms. Norwood addressed members in attendance at the Regional Meeting encouraging them to reconsider the rollback of the education requirements. Ms. Norwood stressed the importance of education and advised reduction of the requirement would jeopardize the profession.

Ms. Calderone reported that a former partner of a big four firm indicated that the additional 30 semester hours are not technical in nature and research shows if the exam is taken, closer to the completion of the core courses, the pass rate improves.

Mr. Samuel stated a broader knowledge base is required to work in the profession. The general consensus is that the rollback to 120 is an attempt to attract future CPAs to recover from losses due to retirement and Sarbanes Oxley requirements.

Dr. Broome stated that within the next five years, the profession will be decreased by half. Dr. Broome recommends the VBOA monitor the education requirements and consider the additional 30 hours include technical courses.

Regarding the VBOA Ethics requirement, Ms. Calderone recommends consideration of implementing a CPE requirement to improve the regulant knowledge of board regulations.

Ms. Norwood led the discussion regarding the upcoming Mobility Task Force Meeting scheduled for July 29, 2008. Ms. Norwood will be in attendance via telephone. Committee assignments for the Mobility Task Force will be made during the meeting. Ms. Norwood requested the members input regarding their expectations of her level of involvement. The members agreed that they would be better able to make a determination after Ms. Norwood is able to provide an estimate of anticipated hours of participation.

Dr. Broome notified the members that the Board of Examiners would like to have a representative from the VBOA sit on the State Board Committee. The individual may be a current or past member of the VBOA.

VBOA members in attendance at the Regional Meeting determined

overall the meeting was an informative session providing much insight into NASBA's activities and future direction. Mr. Samuel indicated many of the issues discussed were contractual in nature, and therefore will not be addressed on the state board level.

Dr. Broome led the discussion regarding the White Paper from the Illinois Board of Examiners. The AICPA has continued ownership of the exam throughout the exams 50 year history. Over time the many changes have taken place; the infrastructure, experience of the staff, and the network of vendors providing technical services. Each group has assisted in the creation of a pipeline to ensure quality test questions. The AICPA has a proven performance record and is willing to listen as well as go above and beyond testing skills. The copy paste function was a large problem but has since been corrected. No move to computer based testing for a professional organization has gone as well. The AICPA has a large membership base with which to draw a variety of committee members. The AICPA is committed to the existing as well as future exams. Task based simulations will provide a better assessment of the candidates skills and enable quicker exam score release. Further, they have a strong motivation to protect the exam.

**Discussion of White Paper from Illinois Board of Examiners**

On the other hand, NASBA feels that a professional organization should not be depended upon to administer the exam. They believe there is a conflict of interest because the AICPA wants the very individuals taking the exam to also join their organization.

The AICPA states if NASBA plans to implement an exam they must consider that it takes a minimum of 5 years and is extremely costly.

The Board recessed for lunch from 12:00 p.m. - 12:30 p.m.

**Recess for Board Lunch**

The 101<sup>st</sup> NASBA Annual Meeting is scheduled to be held October 26-29, 2008. Ms. Feldman requested the names of the members who would be interested in attending the meeting.

**101<sup>st</sup> NASBA Annual Meeting**

Mr. Holton led the discussion regarding the implementation of an Inactive/Retired status initially requested by the VSCPA. Mr. Holton discussed the matter with Stephanie Peters and Greg Lawson of the VSCPA, and it was agreed that the statutes are clear and do not permit the Board to take such action.

**3. Legislative/Regulatory Report – Stephen D. Holton, CPA, Immediate Past Chairman**

The Board discussed the matter at length and with the advice of legal counsel determined that the Virginia statutes governing the practice of CPAs and CPA firms pertain strictly to the licensing of individuals who are practicing or planning to practice as a CPA. The law in Virginia does

not provide for credentialing when the CPA retires or chooses to no longer practice as a CPA. The members agreed that an individual who is no longer practicing as a CPA may state that he held a Virginia CPA license from (date) to (date) or that he retired from practice as a CPA on (date) but cannot utilize “Retired CPA” or “CPA Retired.”

Upon a motion by Mr. Holton, and seconded by Mr. Dickerson, the Board by unanimous vote approved there will be **no** use of “retired” or “inactive after the CPA designation. The members voting “**AYE**” were Mr. Samuel, Ms. Calderone, Mr. Hunt, Dr. Broome, Mr. Holton, Mr. Dickerson, and Ms. Brayboy.

Mr. Holton led the discussion regarding the proposed regulations.

Upon a motion by Mr. Holton, and seconded by Dr. Broome, the Board by unanimous vote approved to accept the proposed regulations. The members voting “**AYE**” were Mr. Samuel, Mr. Holton, Mr. Dickerson, Ms. Calderone, Mr. Hunt, Ms. Brayboy, Dr. Broome.

The Board proceeded with a discussion on the CPA exam rollover status.

Ms. Feldman mentioned that many states have reduced the education requirement to sit for the exam to 120 semester hours/baccalaureate. Virginia candidates are questioning whether they may apply to sit for the exam in states where it is permitted, and transfer their scores back to Virginia where they can get their CPA license in Virginia upon completion of the 150 hours of education required by the Board. Some states boards recognize that this could potentially have an impact on revenues. Mr. Samuel and Ms. Calderone confirmed that states are reducing the education requirement to take the CPA exam and that this was an important issue under discussion at the NASBA Eastern Regional Meeting in Asheville. In the discussion, the Board was clear that the public interest was the Board’s primary concern, and not the impact on revenue.

The discussion resulted in the conclusion that there was no identified harm to the public to reduce the semester hour requirement from 150 to 120 to take the CPA examination; provided candidates applying after July 1, 2006, would be required to meet the 150 hour requirement to be licensed in Virginia. The members agreed that this decision could encourage more students to continue in the examination process, and to complete the 150 hours required for licensure. Dr. Broome indicated that Virginia’s colleges and universities may have to make some curriculum changes. Mr. Holton commented that this issue was not discussed with Virginia’s educators at the recent VSCPA Educator’s Symposium as he



was unaware of the serious nature and the rapid movement by other state boards. He indicated concern that this had not been discussed with Virginia's educators. Dr. Broome agreed with Mr. Holton. The Board members agreed that this was a difficult decision to make but action had to be taken immediately to prevent Virginia's CPA exam candidates from having to apply to take the exam in one of the other states allowing candidates to sit under the 120 hour requirement. They agreed the potential for Virginia to lose its CPA exam candidates was too great, and our candidates should not be forced to go through these unnecessary steps to take the exam earlier in the education process.

Upon a motion by Mr. Holton and seconded by Ms. Brayboy, the Board by unanimous vote approved the revision of 18-VAC-5-21-60. The members voting "AYE" were Mr. Samuel, Mr. Dickerson, Ms. Calderone, Mr. Holton, Mr. Hunt, Ms. Brayboy, and Dr. Broome.

Upon a motion by Mr. Holton and seconded by Mr. Dickerson, the Board voted not to enforce the 150 hour requirement for Virginia examination candidates effective immediately. The members voting "AYE" were Mr. Holton, Mr. Dickerson, Mr. Samuel, Ms. Calderone, Ms. Brayboy, and Mr. Hunt. Dr. Broome voted "NAY."

Mr. Holton stated that he would make the agreed upon changes to reduce the 150 hour requirement to 120 hours to take the CPA examination in the draft regulations prior to posting on the website for public comment in early July.

Upon a motion by Mr. Hunt and seconded by Mr. Dickerson, the Board vote by unanimous vote approved the decision to rescind the December 31, 2008 deadline for candidates who applied to take the exam under the 120 hour requirement prior to July 1, 2006 and to allow these candidates to continue in the exam process and be licensed under the 120 hour requirement. The members voting "AYE" were Mr. Samuel, Mr. Hunt, Mr. Dickerson, Ms. Calderone, Ms. Brayboy, Dr. Broome, and Mr. Holton.

Ms. Calderone led the discussion regarding the NASBA Revised Government Referral Process. A Task Force has been established with Ellis Dunkum serving as Chair. Ms. Feldman will send a letter indicating the Virginia Board of Accountancy declines to participate.

**4. Enforcement**  
**Report – Dian T.**  
**Calderone,**  
**MTX, CPA,**  
**Enforcement**  
**Committee**  
**Chairman**

Ms. Feldman led the discussion regarding VBOA IT expenses. The members agreed that payment for the move-in expenses for VBOA will be paid to VITA based on the Board's determination that a portion of the payment will be a contribution to the well-being of all agencies which moved into the Perimeter Center after VBOA.

**5. Discussion of VBOA IT Expenses – Nancy T. Feldman, Executive Director**

Ms. Feldman led the discussion regarding VBOA Administrative Services. DMV has provided administrative services for the VBOA since 2001. The annual charge for their services has increased significantly since initiation. Allowing VBOA to perform all of its administrative services will permit increased internal control by the agency. The hiring of a VBOA Accounting Manager would increase the capabilities of the agency and decrease the time required to complete the tasks.

**6. Discussion of VBOA Administrative Services – Nancy T. Feldman, Executive Director**

Jack Christian, DMV Deputy believes VBOA staff can perform the services and this change would be approved by DOA. Pam Kamalakkannan, CPA and VBOA staff member has prepared a job description for the new position and Anita Watkins, DHP Financial Manager has offered her assistance as VBOA transitions to performing its own administrative functions.

Chairman Samuel presented Ms. Calderone for Chairman, and Dr. Broome for Vice Chairman.

**7. Election of Officers – Lawrence D. Samuel, CPA, Chairman**

Upon a motion by Mr. Holton and seconded by Mr. Dickerson, the Board vote by unanimous vote approved the decision to elect Ms. Calderone as Board Chairman and Dr. Broome as Vice Chairman. The members voting "AYE" were Mr. Dickerson, Mr. Samuel, Ms. Brayboy, Mr. Holton, and Mr. Hunt.

Chairman Samuel passed the gavel to Vice Chairman, Ms. Calderone, who effective July 1, 2008 becomes the Board Chairman.

Ms. Calderone presented Chairman Samuel with a plaque on behalf of the members and thanked him for his service during his term.

The Board agreed on its next meeting date of September 19, 2008.

**Future Meeting Dates**

Chairman Samuel asked the members to complete and sign their conflict of interest forms and complete and sign their travel expense vouchers.

**Conflict of Interests Forms/**

Ms. Feldman asked each member to complete a direct deposit authorization for their travel expense vouchers.

**Travel Expense  
Vouchers**

There being no further business before the Board, upon a motion by, Mr. Samuel and seconded by Mr. Holton, the meeting was adjourned by unanimous vote. The members voting “**AYE**” were Mr. Samuel, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Hunt, and Mr. Dickerson.

**Adjournment**

**APPROVED:**

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Dian T. Calderone, MTX, CPA, Chairman

**COPY TESTE:**

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Nancy Taylor Feldman, Executive Director/Agency Head