

FINAL/APPROVED for August 22, 2013
THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Thursday, August 22, 2013 in Board Room 2 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: Andrea M. Kilmer, CPA, CFF, Chair
W. Barclay Bradshaw, CPA, Vice Chair
Marc B. Moyers, CPA
Stephanie S. Saunders, CPA
Robert J. Cochran, Ph.D., CPA
David R. Brat, Ph.D.
Tyrone E. Dickerson, CPA, Immediate Past Chair

MEMBERS ABSENT: None

STAFF PRESENT: Wade A. Jewell, Executive Director
Chantal K. Scifres, Deputy Director
Mary T. Charity, Director of Operations
Dreana L. Gilliam, Board Administrator
Jean Grant, Enforcement Manager
Nicholas R. Tazza, Assistant Manager, Licensing & Examination,

LEGAL COUNSEL: Joshua Lief, Senior Assistant Attorney General

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

Emily Walker, Government Affairs Director, Virginia Society of
Certified Public Accountants
Darshae Dabney, Technical Services Specialist, Virginia Society of
Certified Public Accountants
Linda Newsom-McCurdy, Education Director, Virginia Society of
Certified Public Accountants
Amy Mawyer, Vice President, Strategy & Development, Virginia
Society of Certified Public Accountants
Maureen Dingus, Executive Vice President, Virginia Society of
Certified Public Accountants

CALL TO ORDER

Chairman Kilmer called the meeting to order at 10:02 a.m.

SECURITY BRIEFING

Ms. Gilliam provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Andrea M. Kilmer, CPA, CFF, Chair determined there was a quorum present.

APPROVAL OF CONSENT AGENDA

Upon a motion by Mr. Dickerson and duly seconded, the members voted unanimously to approve the August 22, 2013 consent agenda as modified. The members voting “**AYE**” were Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran, Ms. Saunders, Mr. Dickerson, and Dr. Brat.

WELCOME AND INTRODUCTIONS

Ms. Kilmer welcomed Dr. Brat and asked the Board members, the Executive Director and of the members of the public to introduce themselves.

PUBLIC COMMENT PERIOD

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

COMMITTEE UPDATES

Ms. Kilmer, as a member of NASBA’s Board Effectiveness and Legislative Support Committee, provided a summary of the committee’s duties and responsibilities and a status update. The twelve member committee is charged with development and implementation of strategies to support Boards of Accountancy in their efforts to encourage participation in NASBA activities and enhance their knowledge of legislative strategies and the financial workings of government. A questionnaire has been developed by the committee to gather input and feedback to survey and assess needs. Mr. Jewell has been given a pre-questionnaire to provide input into the processes.

Mr. Dickerson, as the nominee for the Middle Atlantic Regional Director, attended an orientation held in Nashville, TN. The NASBA Nominating Committee elected five (5) Regional Directors (Southwest – A. Carlos Barrera, Delegate TX, Great Lakes – W. Michael Fritz, Delegate OH, Northeast – John F. Dailey, Delegate NJ, and Middle Atlantic, Tyrone E. Dickerson, Delegate VA). The formal announcement of the newly elected directors will be made in October at the 106th Annual Meeting in Maui, Hawaii. Mr. Dickerson reported that he is impressed with the inner workings of NASBA and from an operational standpoint, Ken L. Bishop, NASBA President and the staff are doing a tremendous job upholding the NASBA mission. The one day orientation covered a lot of ground, was very informative and Mr. Dickerson is looking forward to the upcoming year.

Mr. Dickerson had nothing to report on the Enforcement Resources Committee at this time.

Mr. Jewell, as a member of NASBA’s Accountancy Licensee Database (ALD)/CPAverify Committee, provided a status update of committee activities. On August 6, 2013, the committee met and discussed the development and implementation of an unlicensed activity database. Following a comprehensive discussion it was determined that this project should be placed on hold until the public version of ALD is up and running. In addition, NASBA is researching the possibility of the creation of a national enforcement referral option in the ALD database. This function would include violations of federal, state and local entities. Currently 40 states are live in the ALD and CPAverify, 44 are live in ALD only, 9 are in the implementation stage and 2 have no activity with either ALD or CPAverify. Virginia, in addition to numerous other states, does not report enforcement data to the ALD. Mr. Jewell is currently working with Ms. Charity and DHP to implement the ability for the VBOA to provide such data.

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Mr. Jewell reported that the NASBA consent agreement which requires International Exam Candidates to obtain licensure within 3 years of completing the exam is fast approaching the deadline. NASBA is putting together a report to reflect the outcome.

Mr. Jewell, as a member of the NASBA Executive Director's Committee, led the discussion regarding the committee's activities. He participated in a conference call in July to discuss the results of the regional conferences. In addition, the committee discussed topics of agenda items in preparation for the March 2014 meeting. Following a request by Carlos Johnson to recommend an incoming Chair, current Chair Nicole Kasin recommended Mr. Mark Crocker of Tennessee. The next meeting is scheduled to be held March 4-6, 2014 in Savannah, Georgia.

EXECUTIVE DIRECTOR'S REPORT

Mr. Jewell presented general updates regarding the VBOA.

- Mr. Jewell led the discussion regarding Board Policy #6 – CPA and International Qualification Examinations. He provided a historical overview of why the policy was adopted. Seven (7) individuals were affected by the newly implemented policy and three (3) have requested Informal Fact Findings and requested permission to continue taking the exam. Mr. Bradshaw and Dr. Cochran will oversee the hearings.
- Mr. Jewell reported that issues with the BOA database have not been resolved to date. The browser incompatibility issue continues to hinder the BOA online services. Pat Paquette, Chief Information Officer, Department of Health Professions, manages the VBOA maintenance contract with system vendor Systems Automation (SA). Mr. Jewell plans to take a firm course of action resulting in solutions and implementation dates. A meeting with the vendor is scheduled for August 29, 2013. Mr. Jewell will keep the members updated regarding the outcome.
- Mr. Jewell reported that completion of the RFP for the purchase of a new system has been temporarily placed on hold due to staff turnover.
- Mr. Jewell led the discussion regarding board staff. Amy Hibbard, Communications Manager and Valeria Quimpo, Financial & Procurement Coordinator have resigned. Approval to hire was received from the Secretary's office on Wednesday, August 21, 2013. Four (4) positions were approved in the Governor's budget bill. Two (2) positions were to replace the part-time positions held by Nicholas Tazza and Krystal Hambright. Mr. Tazza has accepted the Licensing and Examinations Assistant Manager position. Ms. Hambright has accepted the Administrative Assistant position. Following the suggestion of Mr. Tazza, Ms. Charity and Mr. Tazza plan to develop a college and firm circuit program. Following an invitation from the CPA firm Ryan Sharkey, VBOA staff held an education and licensure information session. The information presented was well received. The CPE position has been approved. The description for the Enforcement position is currently being developed.
- Mr. Jewell reported that he will visit neighboring states with Mr. Dickerson to develop relationships and obtain BOA best practices.
- 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. Nicholas Tazza will attend the September 17-19, 2013 session.
- Mr. Jewell and Dr. Cochran participated in the VSCPAs July 24, 2013 webcast. The webcast is a 1 CPE credit course that consists of an annual BOA update.
- Mr. Jewell and Mr. Bradshaw attended the July 23, 2013 VSCPA board meeting. Mr. Jewell reported appreciation of the opportunity to attend. The VSCPA fall inauguration will be held in Northern Virginia, Ms. Kilmer plans to attend.

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- Mr. Jewell provided an update on the office renovations. Staff has relocated to the 2nd floor Conference Center. Renovation has begun and we anticipate returning to the 4th floor in September.
- Mr. Jewell provided an update on the VBOA's participation in the Governor's Bowl Challenge. To date a winner has not been announced.
- The Board will hold a meeting on the campus of Longwood University on November 6. In preparation for the meeting Mr. Jewell, Ms. Charity and Ms. Gilliam will visit the campus next week.
- Ms. Charity provided an overview of the exam contents of the CAIA (Chartered Alternative Investment Analyst) designation in comparison to the previously approved CFA (Chartered Financial Analyst) and CMA (Certified Management Accountant) examinations. Following a discussion it was determined that further investigation was necessary prior to making a determination. Drs. Cochran and Brat will research the issue.

BOARD DISCUSSION TOPICS

Mr. Jewell led the discussion regarding the potential for an inactive status. Ms. Charity provided an overview of the jurisdictions with an inactive status and the CPE requirements for conversion to active from inactive. Incorporation of an inactive status may require a revision to the statutes and regulations. Following considerable discussion regarding this topic, Ms. Saunders and Mr. Dickerson will work with Mr. Jewell to make recommendations regarding this issue.

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BOARD DISCUSSION TOPICS – *continued*

Ms. Saunders led the discussion regarding the Virginia-specific ethics course. Mr. Moyers and Dr. Brat were asked to provide a summary of what they took away from the August 9th Ethics CPE meeting held at the VSCPA. Mr. Moyers reported based on the healthy discussion that occurred a change does need to be made. Dr. Brat reported the mission of the VBOA must be the primary focus of the course. Going forward we need to address the needs of protecting the public in a broader sense. Ms. Saunders would like for the board members to review and approve the outline once completed. Ms. Walker agreed that licensees do not understand the statutes and regulations as much as the Board anticipated at this point. The VSCPA does feel it is important for the VBOA to specify content and does not believe that a general ethics course will meet the needs of Virginia CPAs. Mr. Jewell stressed concern surrounding interpretation of the statutes and regulations by CPE sponsors. He is currently in conversation with Ms. Charity and Ms. Scifres regarding incorporating knowledge of the statutes and regulations as part of the renewal process.

Ms. Saunders provided the Top 5 approaches to the ethics requirement as determined by participants in the Ethics CPE meeting; 1) renewal acknowledgment, 2) separate statute and regulations updates from specific ethic course, 3) accept general ethics, 4) VBOA approves ethics course provider(s), 5) VBOA approves a number of acceptable courses to include the following, a course for new CPAs (including rules and regulations), a separate course for public, private and a general ethics course.

Ms. Kilmer agreed that no changes should be made to the 2014 guideline due to time constraints and she requested Dr. Brat to become a member of the Ethics CPE Committee, and Mr. Moyers to continue on the committee if he desires to do so. .

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Mr. Jewell provided an update of the NASBA PROC Summit held in July. Mr. Jewell and Doug Bowles, PROC member, attended the Summit. Each attended breakout sessions which included but were not limited to what actions were necessary for firms with failed peer reviews, selection of a Compliance Assurance Committee Chair and peer review best practices. NASBA has developed a PROC page and is developing training videos. The PROC page is a resource providing tools for documentation, checklists, templates, etc. The VBOA PROC meeting originally scheduled for August 23, 2013 has been postponed. Mr. Jewell submitted a legislative request for mandatory registration of Virginia licensed firms in the Facilitated State Board Access (FSBA) program last year, which was not approved. He will resubmit the request during the 2014 legislative session. Ms. Kilmer requests that the VBOA PROC Committee review and potentially discuss possible penalties and/or disciplinary actions for pass with deficiencies and failed peer reviews of Virginia firms.

Mr. Moyers led the discussion regarding the new UAA definition of attest. Following a discussion, Ms. Kilmer polled the members and it was determined that the VBOA did not need to weigh in on this discussion at this time.

Mr. Jewell previously spoke with the Deputy Auditor of the APA. The APA performs Quality Control Reviews and requires firms sign a release to allow forwarding of the results to the VBOA. Ms. Walker reported that she has also spoken with the APA regarding the Quality Control Reviews. Similar to the FSBA program the Quality Control Reviews are an educational remedial program. The VSCPA is interested in receiving the information. The APA performs 6 or 7 reviews annually. This topic of discussion was referred to the VBOA PROC Committee for further review and consideration, although Mr. Jewell will ask the APA to start sending copies of the reports to the VBOA.

FUTURE DISCUSSIONS

- Address failure to renew by deadline.
- Small business continuity and file retention.
- General AICPA codification review for Code of Conduct (an Exposure Draft is currently available). Ms. Walker will provide information regarding the changes.
- License renewals.
- Drs. Cochran, Ziegenfuss and Copley research via survey over the next several years. Dr. Cochran will draft an article to be included in the VBOA e-newsletter.
- Financial reporting for small entities.
- Inactive Status

FUTURE MEETING DATES

The Board has approved the following upcoming meeting dates:

October 1, 2013 / 10:00 a.m.

November 6, 2013 / Time TBD

BEGIN CLOSED MEETING

Upon a motion by Mr. Bradshaw, and duly seconded, the members approved by unanimous vote that the

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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, Dreana L. Gilliam, Board Administrator and Nicholas Tazza, Assistant Manager, Licensing & Examination. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Ms. Saunders, Dr. Cochran, Mr. Moyers, Dr. Brat and Mr. Bradshaw.

END CLOSED MEETING

Upon a motion by Mr. Bradshaw, 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 reconvened 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:

Andrea M. Kilmer, CPA, CFF – Aye
W. Barclay Bradshaw, CPA – Aye
Tyrone E. Dickerson, CPA – Aye
Robert Cochran, Ph.D., CPA – Aye
David R. Brat, Ph.D. – Aye
Marc Moyers, CPA – Aye
Stephanie Saunders, CPA – Aye

VOTE

AYES: Seven (7)
NAYS: None.

No actions were taken as a result of the closed session:

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 2:51 p.m. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Bradshaw, Dr. Cochran, Mr. Moyers, Ms. Saunders, and Dr. Brat.

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APPROVED:

Andrea M. Kilmer, CPA, CFF Chair

COPY TESTE:

Wade A. Jewell, Executive Director