THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Tuesday, December 10, 2013 at the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233 in Training Room 1A-C.

MEMBERS PRESENT:
W. Barclay Bradshaw, CPA, Vice Chair
Marc B. Moyers, CPA
Stephanie S. Saunders, CPA
Robert J. Cochran, Ph.D., CPA
James M. "Jim" Holland, CPA

MEMBERS PRESENT FOR A PORTION OF THE MEETING:
David A. Brat, Ph.D.

LEGAL COUNSEL:
Joshua Leif, Senior Assistant Attorney General

MEMBERS ABSENT:
Andrea M. Kilmer, CPA, CFF, CGMA, Chair

STAFF PRESENT:
Wade A. Jewell, Executive Director
Chantal K. Scifres, Deputy Director
Mary T. Charity, Director of Operations
Jean Grant, Enforcement Manager
Nicholas R. Tazza, Assistant Manager, Licensing & Examination
Melinda Haddon, Fiscal and Procurement Coordinator
Christine Rappe, CPE Coordinator

MEMBERS OF THE PUBLIC PRESENT:
Stephanie Peters, CAE, CEO, Virginia Society of Certified Public Accountants
Emily Walker, Government Affairs Director, Virginia Society of Certified Public Accountants
Maureen Dingus, CAE, Executive Vice President, Virginia Society of Certified Public Accountants
Amy Mawyer, Vice President, Strategy and Development, Virginia Society of Certified Public Accountants
Tina Lambert, CAE, Vice President, Member and Public Relations, Virginia Society of Certified Public Accountants
Darshae Dabney, Technical Services Specialist, Virginia Society of Certified Public Accountants
Board Members, Virginia Society of Certified Public Accountants, Executive Committee (Jim Shepherd, CPA, Board Chair, Lisa Germano, CPA, and Andrew Martin, CPA)

CALL TO ORDER

W. Barclay Bradshaw, CPA, Vice Chair called the meeting to order at 10:03 a.m.

SECURITY BRIEFING

Mr. Tazza provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Mr. Bradshaw determined there was a quorum present.

UPDATE ON BOARD CHAIR ANDREA KILMORE

Mr. Jewell gave the Board and members of the public an update on Ms. Kilmore's recovery progress. He noted that she expected to be back by the next Board meeting on January 28, 2014.

APPROVAL OF AGENDA

Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the December 10, 2013 agenda with the following changes; Discussion of the potential Inactive Status be deferred until the full Board is present (planned for January 28, 2014), and discussion of the 2015 Virginia-specific Ethics Course be moved to lead the discussion topics. The members voting **"AYE"** were Ms. Saunders, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Mr. Holland.

APPROVAL OF CONSENT AGENDA AND MINUTES

Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the December 10, 2013 consent agenda and November 6, 2013 Board meeting minutes. The members voting "AYE" were Mr. Moyers, Ms. Saunders, Mr. Bradshaw, Dr. Cochran and Mr. Holland.

WELCOME AND INTRODUCTIONS

Mr. Bradshaw welcomed the VSCPA staff and members of the VSCPA's Executive Committee's Board, and thanked them for taking the time to attend. Mr. Bradshaw requested the Board staff introduce themselves and give a brief bio.

PUBLIC COMMENT PERIOD

Mr. Bradshaw invited the VSCPA staff and members of the VSCPA's Executive Committee to introduce themselves. Ms. Peters informed the Board that three members of the VSCPA's Executive Committee were not available to attend. Ms. Walker gave a quick update on the up-coming 2014 legislative session, and noted that there were several pieces of legislation that the VSCPA will be attempting to monitor/support this year (Private Investigators licensing exemption, export incentives and conformity with the federal tax code).

COMMITTEE UPDATES

ETHICS CPE COMMITTEE

Ms. Saunders shared that the 2014 Virginia-specific Ethics Course outline had been completed, and is now posted on the VBOA's website for viewing. She thanked VBOA staff, as well as the Ethics Committee members for their hard work and dedication to the creation of the outline.

EXECUTIVE DIRECTOR'S COMMITTEE [ED]

Mr. Jewell explained the ED Committee's conception and purpose to the members of the public in attendance. He noted that the committee had recently finalized the Board Agenda for the 2014 NASBA

ED Conference scheduled for March 2-5 in Savannah, GA, and that he was excited to have the opportunity to be an active participant in this year's meeting, leading one of the "table topics" for discussion.

ACCOUNTANCY LICENSEE DATABASE/CPAverify COMMITTEE [ALD]

Mr. Jewell explained the ALD Committee's conception and purpose to the members of the public in attendance. He noted that currently 45 out of 55 jurisdictions submit basic licensing data to the ALD database; however, not all jurisdictions are reporting enforcement data.

NASBA COMMITTEE APPOINTMENTS

Mr. Jewell explained to the members of the public in attendance the many committee opportunities NASBA affords. He shared the VBOA's current appointments on NASBA Committees: Wade Jewell, re-appointed to the ED and ALD Committees, Dr. Cochran, appointed to the Education Committee, Ms. Saunders, appointed to the Communications Committee, Mr. Moyers appointed to the Global Strategies Committee, and Ms. Kilmer appointed to the Legislative Support Committee. Mr. Jewell also conveyed that former Board member and Chair Tyrone Dickerson had been appointed as the Middle Atlantic Regional Director and Chair of the Diversity Task Force, former Board member and Chair Dian Calderone had been appointed to the Ethics and Strategic Issues Committee, and former Board member and Chair Whit Broome had been appointed to the CPA Examination Review Board (Vice Chair).

BOARD DISCUSSION TOPICS

2015 VIRGINIA-SPECIFIC ETHICS COURSE

Mr. Jewell led the discussion noting that four recommendations came out of the Virginia Ethics Committee meeting to improve on the Virginia-specific ethics course awareness and product consistency. The recommendations were as follows:

- Build course confirmation of attendance into the VBOA's renewal process
- Require course instructor's to be licensed Virginia CPAs
- Require VBOA staff to approve course providers, and
- Consider "sole sourcing" of the course to the VSCPA

Whole Board discussion ensued, led by Mr. Jewell and Mr. Lief as to the legal issues involving some of the recommendations, in particular "sole sourcing" of the ethics course. Mr. Moyers suggests that the Board attempt to establish a timeframe for making a decision on the route to take with the 2015 Virginia Specific Ethics course; however, it was decided that more research on best practices and the legalities of the issue need to be completed.

Ms. Peters asked for and received permission to address the Board on the issue of "sole sourcing" and the VSCPA's providing the Ethics course in general. She provided some background information on the success and maturation of the VSCPA's Virginia-specific Ethics Course. She noted the various modes the VSCPA course is offered, and that they are more than capable of being the sole provider of the course if the Board so chooses. The Board questioned the VSCPA's capacity to be the sole provider of the course to a Virginia CPA population of almost 26,000 (and growing). Ms. Peters shared her confidence in the VSCPA's ability to handle the increase in potential customers without additional, significant effort on their part. Other members of the VSCPA staff present shared their knowledge of the current numbers of CPAs taking the course through the VSCPA, and how they foresee the technology modes of the course

driving the potential influx of Virginia CPAs taking the course.

Mr. Bradshaw requested clarification on the current issues involving "sole sourcing" and discussion ensues on which other states in the nation currently "sole source" their ethics course. Discussion on what could be changed within our current statutes and regulations ensued. Mr. Jewell noted that the Board in recent years has instituted a CPE Certification Form that is signed by all new licensees prior to issuance of their license. The form is an attestation that the applicant has read and understands their obligation as a licensed Virginia CPA to complete the necessary CPE each year of licensure.

PEER REVIEW OVERSIGHT COMMITTEE [PROC]

Mr. Moyers gave a brief background on previous PROC committee issues and discussion. He mentioned that there was full committee interest in increasing the size of the committee and establishing term and rotation policies. After some discussion, Mr. Moyers proposes a motion to make the following changes to Board Policy #7:

- Under policy statement III make a word change to Profession Ethics Committee (replacing the word "Conduct" with "Ethics"), and then delete "or an unmodified opinion" from the statement.
- Add new policy statement IV regarding PROC member terms.

The motion was duly seconded by Ms. Saunders and then unanimously approved. The members voting "AYE" were Ms. Saunders, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Mr. Holland. Mr. Moyers suggested that the issue regarding a "trigger point" for the Board's enforcement committee to look at firms receiving consecutive fail or pass with deficiency reports be deferred until the January 28th, 2014 Board meeting.

UAA EXPOSURE DRAFT - FIRM MOBILITY

Mr. Bradshaw leads the discussion on the UAA Exposure Draft regarding firm mobility. He shared that he is of the opinion that it is an advancement of the CPA profession. A Board discussion ensues on the potential issues it creates with regards to the current VBOA statutes and regulations regarding firms not licensed in Virginia to come into Virginia and practice, who may not be subject to peer review in their respective state, or who may not even be licensed as a CPA firm in another state. All agreed that our statutes and regulations need to be "updated" in order to protect the public from potential unlicensed firms or those not subject to peer review that may be practicing in Virginia under firm mobility. Ms. Walker informed the Board that although the Board would be working with a tight deadline there is still a possibility of getting legislation introduced during the 2014 legislative session. Mr. Moyers, Mr. Bradshaw, and Mr. Jewell agreed to work together to produce the necessary changes and draft the potential legislation (although not necessarily for the 2014 legislative session).

EXECUTIVE DIRECTOR'S REPORT

Mr. Jewell presented general updates regarding the VBOA:

- Mr. Jewell provided an update on the delayed implementation of the re-examination fee. He indicated the IT Team is in the testing stage, and good progress is being made.
- Mr. Jewell discussed the implementation and importance of quarterly meetings between the VSCPA and himself, and noted that the meetings have been very productive.

- Mr. Jewell noted that there is no available status update on the Facilitated State Board Access (FSBA) legislation submitted by the VBOA to require firms to enroll in the automated system as a component of obtaining firm licensure.
- Mr. Jewell announced that an offer had been made to a potential hire for the vacant Communications Manager position, and that they are anticipating acceptance of said offer.
- Mr. Jewell indicated the completed VBOA financial statements for FY13 will be presented to the Board at the January 28, 2014 meeting, and the impending APA Audit will immediately follow.
- Mr. Jewell made the Board aware that they should be receiving a Conflict of Interest and Financial Disclosure email from the Secretaries Office soon. The deadline for completing the on-line disclosure forms is January 15, 2014.
- Mr Jewell made the Board aware that a formal request for a letter of support has been received from Ken Odom (Alabama) in his effort to become Vice Chair of NASBA. Historically the Board has not supported individuals outside of Virginia and the Middle Atlantic Region.

Mr. Jewell gave the Board some background information on the VBOA's current CPE Audit processes. He noted that the current process is 100% manual; however, recently NASBA provided a demo to Mr. Jewell, Ms. Scifres, and Ms. Charity of an automated CPE Audit Service/Product that would be completely free to the VBOA. Mr. Jewell shared his excitement for the potential of this product to streamline the current CPE Audit process, and the potential money saved by not having to build it into the VBOA's new system. A short Board discussion was held regarding the pros and cons of this potential tool. Staff will continue looking into this NASBA product and report back to the Board prior to making a final determination.

At the request of Mr. Bradshaw, Mr. Jewell updated the Board on the office renovation project. He noted that the only significant items still pending are the arrival of the conference room furniture and office furniture for Ms. Charity, Ms. Scifres and the new enforcement position.

Ms. Scifres gave the financial update, noting that the Board will see significant one-time fees associated with the office renovation, but that overall there was a 150% increase in revenue over the same period last year, directly related to the fee increase. Ms. Charity gave the Board Report, specifically noting that with the addition of Ms. Rappe we are catching up on September, October, and November CPE Audits and are now on schedule with the CPE audits to be selected for December.

A group discussion was held on the current percentage of 3% of the total CPA population being audited for CPE by the VBOA, and the potential for it to increase to 5% with the addition of Ms. Rappe.

Mr. Holland requested clarification from Mr. Jewell on the APA Audit of the VBOA's financial statements. Mr. Jewell briefly explained the reasoning for the audit, and that since he and Ms. Scifres' arrival (2009 & 2011), the VBOA has not had any audit findings.

FUTURE DISCUSSIONS

- Inactive or similar status for licensees
- 2015 Virginia-specific Ethics Course (Recommendations from Ethics CPE Committee made at the October 1, 2013 Board Meeting)
- UAA Exposure Draft – Firm Mobility
- New service - "SSARS – Preparation Services" exposure draft & potential affect on statutes
- PROC – Policy on reporting Peer Review results to the VBOA Enforcement Committee
- Renewal date for all licensees

- CPE related issues
- Background checks for licensees
- Scholarships

Additional Items for Discussion

Sign Conflict of Interest Forms
Sign Travel Expense Vouchers
Future Meeting Dates:
January 28, 2014

BEGIN CLOSED MEETING

Upon a motion by Ms. Saunders, and duly seconded, the members approved by unanimous vote 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: Wade A. Jewell, Executive Director, Jean Grant, Enforcement Manager, and Nicholas Tazza, Assistant Manager Licensing and Examination. The members voting **"AYE"** were Mr. Moyers, Ms. Saunders, Mr. Bradshaw, Dr. Cochran, Dr. Brat, and Mr. Holland.

END CLOSED MEETING

Upon a motion by Ms. Saunders, 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 an 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:
W. Barclay Bradshaw, CPA – Aye
Stephanie S. Saunders, CPA – Aye
Robert J. Cochran, Ph.D., CPA – Aye
Marc B. Moyers, CPA – Aye
James M. "Jim" Holland, CPA – Aye
David A. Brat, Ph.D. - Aye

VOTE:
AYES: Six (6)
NAYS: None

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Ms. Saunders and duly seconded, the meeting was adjourned by unanimous vote at 12:10 p.m. The members voting **"AYE"** were Mr. Holland, Mr. Bradshaw, Dr. Cochran, Mr. Moyers, Dr. Brat, and Ms. Saunders.

APPROVED:

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W. Barclay Bradshaw, CPA, Vice Chair

COPY TESTE:

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Wade A. Jewell, Executive Director