

THE VIRGINIA BOARD OF ACCOUNTANCY

MEETING MINUTES

The Virginia Board of Accountancy (BOA) held a regular meeting on Wednesday, June 26, 2002, in Suite 600 of the Embassy Suites Hotel, 2925 Emerywood Parkway, Richmond, Virginia 23294. The following members were present:

Ellis M. Dunkum, CPA, Chairman
Carole M. Hersch, CPA, Vice Chairman
Jon E. Bischel
Harry D. Dickinson, CPA
Barbara S. Pocalyko, CPA
Howard L. Rogers

The Board member absent for the entire meeting was:

Roy F. Goggin, Jr., CPA

The Board staff present for the entire meeting included:

Nancy Taylor Feldman, Executive Director
Mark D'Amato, Administrative Staff Assistant

Also in attendance for the entire meeting were:

Richard B. Zorn, Senior Assistant Attorney General
Stephanie Peters, Vice President, Virginia Society of Certified Public Accountants
Erin Collins, Government Relations Manager, Virginia Society of Certified Public Accountants
Joseph Brown, National Society of Accountants

Also in attendance for portions of the meeting was:

Michael Woodcock, Accountants Society of Virginia

Ellis M. Dunkum, CPA, Chairman, called the meeting to order at 10:05 a.m. He introduced those in attendance and welcomed them to the meeting.

Call to Order

Chairman Dunkum determined that a quorum was present.

Determination of Quorum

Upon a motion by Carole M. Hersch, CPA, Vice Chairman, and seconded by Howard L. Rogers, the Board approved by unanimous vote the agenda as amended. The members voting “**AYE**” were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Mr. Dickinson, Ms. Pocalyko, and Mr. Rogers.

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 April 24, 2002 Board Meeting

Non-Interactive Fee for Renewal, Letter from Janis Reed

Approval of Initial Examination Application Fee

B. Regulatory Review

Luncheon

C. New Business:

1. NASBA
 - a. Report:
 - (1) Eastern Regional Meeting, Cleveland, OH – June 9-11, 2002
2. Board Approval of List of Substantially Equivalent States
3. Future Board Meetings – HANDOUT
4. Chairman’s Report
5. Letter from McSweeney & Crump
6. Memorandum of Understanding between the Department of Motor Vehicles and the Board of Accountancy – HANDOUT
7. Continuing Professional Education – Substantially Equivalent States – HANDOUT
8. Arthur Andersen Matter

D. Enforcement:

1. Committee Report – Harry D. Dickinson, CPA, Committee Chairman

E. Old Business:

1. Legislative Proposal for 2003 General Assembly Session
2. Peer Review: Request from NSA to Perform Peer Reviews –

Jon E. Bischel and Roy F. Goggin, Jr., CPA, Board Members

3. Mutual Recognition Agreement with Australia – Roy F. Goggin, Jr., CPA, Board Member
4. Policy Review
 - a. Acceptable Accounting & Business Coursework – 18 VAC 5-21-30 B 1 a & b – Jon E. Bischel, Board Member
5. Update on CBT
6. Development of Computerized Systems & Processes

F. Financial Information and Board Statistics:

1. CPA Licensee Statistics
2. Registered Firm Statistics
3. Disciplinary Cases Statistics
4. Financial Information as of May 31, 2002
5. Responses to Postcard Notification as of June 25, 2002 – HANDOUT
6. Total Regulants – HANDOUT
7. CPE Report – HANDOUT

G. Other

1. Chairman's Comments
2. Sign Conflict of Interest Forms
3. Complete Travel Expense Vouchers

Adjournment

Chairman Dunkum opened the floor for public comment.

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

Upon a motion by Mr. Rogers, and seconded by Vice Chairman Hersch, the Board approved by unanimous vote the minutes from the Board meeting held on April 24, 2002. The members voting "AYE" were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Mr. Dickinson, Ms. Pocalyko, and Mr. Rogers.

The Board reviewed a letter from Janis Reed about the \$5 non-interactive fee, enumerated in Board Regulation 18 VAC 5-21-20 F as being assessed when a regulant does not use the on-line renewal process. The Board agreed that the on-line renewal process is more efficient and cost-effective for regulants, and, if regulants choose not

**Public Comment
Period**

**A. Approval of
Minutes from April 24,
2002 Board Meeting**

**Non-Interactive Fee
for Renewal, Letter
from Janis Reed**

to use the on-line method, they must sign the Affirmation for Renewal and return it to the Board office with the non-interactive fee.

Upon a motion by Vice Chairman Hersch, and seconded by Harry D. Dickinson, CPA, the Board approved by unanimous vote the inclusion of a \$25 initial examination application fee for the CPA exam. The members voting “**AYE**” were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Mr. Dickinson, Ms. Pocalyko, and Mr. Rogers.

Approval of Initial Examination Application Fee

The Board reviewed a draft of proposed changes to its regulations. Chairman Dunkum told the other members that he would refine the ideas for changes to the Board’s regulations that were discussed, and refer this information to the Regulations Committee for presentation at the Board meeting in September.

B. Regulatory Review

The Board recessed from 11:22 a.m. to 11:35 a.m.

Board Recess

The meeting was reconvened at 11:35 a.m. Barbara S. Pocalyko, CPA, presented a report to the Board about the Eastern Regional Meeting of the National Association of State Boards of Accountancy (NASBA) that was held in Cleveland, Ohio from June 9 to 11, 2002.

C. New Business:
1. NASBA
a. Reports
(1) Eastern Regional Meeting, Cleveland, OH – June 9-11, 2002

The Board instructed the Board staff to review the NASBA conferences to determine how many Continuing Professional Education (CPE) hours may be awarded, and to report their findings to the Board.

The Board recessed from 12:00 p.m. to 1:00 p.m. for a luncheon.

Luncheon

The meeting was reconvened at 1:00 p.m.

Board Meeting Reconvened

Chairman Dunkum presented the following Board Resolution to Darrin L. Adams:

Board Resolution to Darrin L. Adams

WHEREAS, Darrin L. Adams has faithfully and diligently assisted in the transition of the Board of Accountancy; and

WHEREAS, Darrin L. Adams contributed generously of his time, and talent to the Board; and

WHEREAS, Darrin L. Adams has endeavored at all times to provide IT advice in a professional, exceptionally competent manner, and in the best interest of the Board; and

WHEREAS, the Board of Accountancy wishes to acknowledge its gratitude and deepest appreciation for the devoted service of a person who is held in high esteem by the members of the Board and the citizens of the Commonwealth.

NOW THEREFORE BE IT RESOLVED, by the Board of Accountancy this twenty-sixth day of June 2002, that Darrin L. Adams be given all honors and respect due him for his outstanding service to the Commonwealth and its citizens and the Board of Accountancy; and

BE IT FURTHER RESOLVED, that this Resolution be presented to him and be made a part of the official minutes of the Board so that all may know of the high regard in which he is held.

Chairman Dunkum presented the following Board Resolution to Katherine Idrissi:

**Board Resolution to
Katherine Idrissi**

WHEREAS, Katherine Idrissi has faithfully and diligently assisted in the transition of the Board of Accountancy; and

WHEREAS, Katherine Idrissi contributed generously of her time, and talent to the Board; and

WHEREAS, Katherine Idrissi has endeavored at all times to provide IT advice in a professional, exceptionally competent manner, and in the best interest of the Board; and

WHEREAS, the Board of Accountancy wishes to acknowledge its gratitude and deepest appreciation for the devoted service of a person who is held in high esteem by the members of the Board and the citizens of the Commonwealth.

NOW THEREFORE BE IT RESOLVED, by the Board of Accountancy this twenty-sixth day of June 2002, that Katherine Idrissi be given all honors and respect due her for her outstanding service to the Commonwealth and its citizens and the Board of Accountancy; and

BE IT FURTHER RESOLVED, that this Resolution be presented to her and be made a part of the official minutes of the Board so that all may know of the high regard in which she is held.

Chairman Dunkum presented Frederick P. Helm, Attorney at Law, with a plaque in grateful appreciation for his diligent efforts and services rendered to the Virginia Board of Accountancy and the Citizens of the Commonwealth. The Board also recognized Ralph L. Axselle, Jr., Attorney at Law, who could not be present. Mr. Helm accepted the plaque for Mr. Axselle.

**Plaque Presented to
Frederick P. Helm,
Attorney at Law, and
Ralph L. Axselle, Jr.,
Attorney at Law**

Upon a motion by Mr. Dickinson, and seconded by Jon E. Bischel, the Board approved by unanimous vote, the finding that Minnesota, Montana (Permit Holders only), and North Dakota are substantially equivalent to Virginia, and that they be accepted by the Board as substantially equivalent. The members voting “AYE” were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Mr. Dickinson, Ms. Pocalyko, and Mr. Rogers.

**C. New Business
(Continued)
2. Board Approval of
List of Substantially
Equivalent States**

The Board agreed to the following dates for Board meetings in 2002 (September 24 and 25, and December 10 and 11), and in 2003 (February 5, June 25, September 24, and December 10).

**3. Future Board
Meetings –
HANDOUT**

The Board unanimously agreed that any member may attend the 95th Annual Meeting of NASBA in New Orleans, Louisiana from October 6 to October 9, 2002.

Chairman Dunkum presented his report to the other members in which he discussed the personnel evaluation process, the fourth permanent position, and the Board newsletter. He noted that the newsletter, which had been presented to him by Ms. Feldman, would be a priority item for him to review and circulate to the other members for comments.

4. Chairman’s Report

The Board reviewed a letter from Betty S. W. Graumlich, of the law firm McSweeney & Crump, on behalf of Sharon H. Hart, a Virginia licensed Certified Public Accountant (CPA), about whether Ms. Hart’s continued use of her maiden name in her firm name, after her recent marriage, would be considered “false, misleading or deceptive” as noted in Board Regulation **18 VAC 5-21-120 O**.

**5. Letter from
McSweeney & Crump**

Upon a motion by Mr. Rogers, and seconded by Mr. Dickinson, the

Board approved by unanimous vote that the Board staff draft a letter for Ms. Graumlich stating that Ms. Hart's continued use of her maiden name in her firm name is not a violation of Board Regulation **18 VAC 5-21-120 O**. The members voting "AYE" were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Mr. Dickinson, Ms. Pocalyko, and Mr. Rogers.

The Board authorized the Executive Director to enter into a new Memorandum of Understanding (MOU) with the Department of Motor Vehicles (DMV) with the same terms, if needed.

The Board was asked whether the Continuing Professional Education (CPE) requirements of a substantially equivalent state could be accepted by Virginia, if the reporting requirements are different (i.e., carryover is permitted or there is not a minimum of 20 hours required per year) when a Virginia licensee, who is selected in a CPE Audit, practices in that state, and has fully complied with that state's CPE requirements.

The members unanimously agreed that a Virginia CPA licensee must meet the CPE requirements in Virginia.

Mr. Dickinson, the Chairman of the Enforcement Committee, made the following statement:

While the Board's general policy is to neither deny nor acknowledge the existence of any open investigation, given the wide publicity relating to Arthur Andersen LLP and its recent conviction on one felony count of obstructing the U.S. Securities and Exchange Commission's investigation into Enron Corp.'s collapse, it seems appropriate to announce that the Board has opened an enforcement file relating to Arthur Andersen's right to practice in the Commonwealth of Virginia.

The Board accepted the report from the Enforcement Committee as presented by Mr. Dickinson, the Chairman of the Committee. The Application Review Guidelines and Sanctions Report were referred to the Enforcement Committee for additional work.

6. Memorandum of Understanding between the Department of Motor Vehicles and the Board of Accountancy

7. Continuing Professional Education – Substantially Equivalent States - HANDOUT

8. Arthur Andersen Matter

D. Enforcement:
1. Committee Report – Harry D. Dickinson, CPA, Committee Chairman

The Board reviewed their legislative proposal for the 2003 General Assembly Session. The proposal, which is solely administrative in nature, was deemed necessary since the Board, as an independent agency, and its subcommittees, no longer have the authority to enter into executive session to discuss open complaints and licensing applications, which they previously had under the auspices of the Department of Professional and Occupational Regulation (DPOR).

Upon a motion by Mr. Rogers, and seconded by Vice Chairman Hersch, the Board approved by unanimous vote that the legislative proposal go forward, not as part of the Governor's legislative package to the General Assembly, so as not to crowd his already full agenda, but as sponsored by an outside party. The members voting "AYE" were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Mr. Dickinson, Ms. Pocalyko, and Mr. Rogers.

Mr. Bischel informed the members that he and Mr. Goggin were sent information from the National Society of Accountants (NSA), and that they would report on this matter at the Board meeting in September.

The Board requested that the Board staff research this matter further and present their findings at the Board meeting in September.

Mr. Bischel presented his review of acceptable accounting and business coursework to the Board. The Board requested that the Executive Director research this matter further and present her findings at the Board meeting in September.

The Board discussed the status of the Computer-Based CPA Examination (CBT) involving NASBA, AICPA and Prometric. They were informed that the contract had been signed, and that the first CBT exam, which may be held as early as January 2004, would not be held later than May 2004. The Board asked the Board staff to review questions about: (1) who should review initial applications for the exam; (2) what exam sites should be used; and (3) whether

E. Old Business:

1. Legislative Proposal for 2003 General Assembly Session

2. Peer Review: Request from NSA to Perform Peer Reviews – Jon E. Bischel and Roy Goggin, Jr., CPA, Board Members

3. Mutual Recognition Agreement with Australia – Roy Goggin, Jr., CPA, Board Member – HANDOUT

4. Policy Review: a. Acceptable Accounting and Business Coursework – 18 VAC 5-21-30 B 1 a & b – Jon E. Bischel, Board Member

5. Update on CBT

the Board should enter into an agreement with NASBA or purchase the exam. A preliminary report was to be presented at the Board meeting in September.

Ms. Feldman reported that the Board's web site was revised to create separate on-line renewal processes for individual CPAs and CPA firms. Other revisions being considered include an on-line initial application for licensure, which would enable the use of credit cards, and the on-line maintenance of CPE records by individual CPAs.

The Board reviewed their financial information and board statistics. No action was taken.

Chairman Dunkum thanked the other members for the opportunity to serve the Board as Chairman, and said that his tenure reflected his effort to give back to the profession, and that the Board had made good progress. He also wished the new Chairman and Vice Chairman the best as they assumed their new leadership roles.

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

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

6. Development of Computerized Systems and Processes

F. Financial Information and Board Statistics

1. CPA Licensee Statistics

2. Registered Firm Statistics

3. Disciplinary Cases Statistics

4. Financial Information as of May 31, 2002

5. Responses to Postcard Notification as of June 25, 2002 - HANDOUT

6. Total Regulants - HANDOUT

7. CPE Report - HANDOUT

G. Other

1. Chairman's Comments

2. Sign Conflict of Interest Forms

3. Complete Travel Expense Vouchers

With no further business coming before the Board, upon a motion by Mr. Rogers, and seconded by Vice Chairman Hersch, the meeting was adjourned by unanimous vote at 3:00 p.m. The members voting “**AYE**” were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Mr. Dickinson, Ms. Pocalyko and Mr. Rogers.

Adjournment

Ellis M. Dunkum, CPA, Chairman

COPY TESTE:

Nancy Taylor Feldman, Executive Director