

**Board of Accountancy (BOA)**  
**Legislative/Regulatory Committee Teleconference Meeting Report**

**Date and Location:** **June 20, 2005 in the BOA Offices (Suite 378) at the 3600 West Broad Street Building, Richmond, VA 23230**

**Committee Members present:** Stephen Holton, CPA, and Dian Calderone, MTX, CPA

**Other Board Member present:** O. Whitfield Broome, Ph.D., CPA

**Board Staff present:** Nancy Feldman, and Mark D'Amato

**Convened at:** 9:00 a.m. in the BOA Offices

**Call to Order:** Mr. Holton

**Public Comments:** No members of the public were present for the Committee meeting.

**Agenda**

**Discussion about Changes to Regulations:**

- **Definition of “Accredited Institution”**

The Committee and Dr. Broome reviewed the issue of accreditation regarding how its use affects educational institutions and the protection of the public—*i.e.*, how accreditation is a tool to gain assurance about the education of certified public accountants (CPAs). Issues discussed included: (1) national versus regional accreditation, (2) the definition of accreditation in the Uniform Accountancy Act (UAA), and (3) the role of the State Council of Higher Education for Virginia (SCHEV) and the Council for Higher Education Accreditation (CHEA). The Committee requested that: (1) Board staff provide further information about SCHEV and CHEA; and (2) Dr. Broome draft a paper providing some historical background on regional accrediting agencies.

**Recommendations for Action:** The Committee recommended that any change to the Board’s statutes or regulations must make the ground equal for everyone, where the accrediting body—whether regional or national—must be approved by the Board. Further, any such change must allow for a period of time for colleges and universities to come into compliance. Finally, the Committee recommended that it would draft language for a new definition of “accredited institution.”

- **Emergency Item: 150 Hour Requirement**

The Committee and Dr. Broome reviewed possible revisions to Board regulations to clarify when the 150-hour education requirement would affect candidates for the CPA exam.

**Recommendation for Action:** The Committee recommended that amended language about the 150-hour education requirement should be drafted and submitted in the Board’s next regulatory package.

Dr. Broome ended his participation in the meeting by teleconference. The Committee moved on to the next agenda items.

- **Review of Comments on Proposed Regulations: Revised Timeline**

The Committee received a revised timeline about the remaining steps needed to move the current proposed regulatory package through the final process.

- **Review of Comments on Proposed Regulations: Comments—General Changes to Regulations**

The Committee reviewed the comments provided by Joseph E. Strickler, CPA, and identified two specific comments for action. The first concerned Mr. Strickler’s comment that the standards of practice cited in regulation 18 VAC 5-21-130 “might be old and out-of-date, and not relevant.” The Committee asked the Board staff to check with the Virginia Registrar’s office about the requirements for dates to be included on specific documents cited in regulations. The second comment by Mr. Strickler stated that the CPE requirement in 18 VAC 5-21-170.A.2 was “out-of-date.”

**Committee Response:** The Committee will recommend that 18 VAC 5-21-170.A.2 be deleted from the current regulations since it is no longer relevant.

**Recommendation for Action:** The Committee recommended that the deletion of 18 VAC 5-21-170.A.2 from the Board’s regulations be submitted in the Board’s next regulatory package.

- **Review of Comments on Proposed Regulations: Comments—Specific Changes to 18 VAC 5-21-170**

The Committee reviewed comments from the following individuals:

1. Erin Collins, Government Affairs Director, Virginia Society of Certified Public Accountants

Ms. Collins suggested that regulation 18 VAC 5-21-170.D be amended to include a second paragraph as follows:

“Effective January 1, 2006, any entity or person offering the Virginia Ethics CPE course must submit to the Board for approval their content and instructor’s manual along with a processing fee as prescribed by the Board in 18 VAC 5-21-20. Such Board approval must be obtained before the course may be administered.”

**Committee Response:** The Committee will recommend that 18 VAC 5-21-170.D in the proposed regulations be amended to include the suggested language.

2. James M. Shepherd, CPA

Mr. Shepherd suggested that the Board's Ethics CPE course be "approved on an annual basis by the Board ... to maintain the integrity and quality of the course material," and "to preclude an ethics provider from taking the easy road for the purposes of profit over content."

**Committee Response:** The Committee will recommend that 18 VAC 5-21-170.D in the proposed regulations be amended to include language that the Ethics CPE course should obtain Board approval before the course is administered.

3. Mark A. VanDeveer, CPA

Mr. VanDeveer suggested that the Board's Ethics CPE course be "approved by the Board on an annual basis." He also suggested that the Board "strongly consider the inclusion of various elements of the IRS Circular 230 as proper subject matter for the ethics course."

**Committee Response:** The Committee will recommend that 18 VAC 5-21-170.D in the proposed regulations be amended to include language that the Ethics CPE course should obtain Board approval before the course is administered. The Committee also will recommend that information about the IRS Circular 230, which pertains to tax shelters, could be added to the course's content during the Board's annual review.

4. W. Barclay Bradshaw, CPA

Mr. Bradshaw expressed support for the Board "requiring any entity or person offering the Virginia Ethics CPE course to submit their course content to the Board for approval before the course may be offered or administered."

**Committee Response:** The Committee will recommend that 18 VAC 5-21-170.D in the proposed regulations be amended to include language that the Ethics CPE course should obtain Board approval before the course is administered.

5. James W. Brackens, Jr., CPA

Mr. Brackens recommended that "developers of ethics CPE courses that wish to represent that their course fulfills Virginia requirements should be required to submit their course (and remit a fee to cover the costs) for approval by the BOA."

**Committee Response:** The Committee will recommend that 18 VAC 5-21-170.D in the proposed regulations be amended to include language that the Ethics CPE course should obtain Board approval before the course is administered.

6. Heather N. A. White, CPA

Ms. White suggested that "before the regulations become final, there is wording added requiring ethics courses to be approved by the BOA."

**Committee Response:** The Committee will recommend that 18 VAC 5-21-170.D in the proposed regulations be amended to include language that the Ethics CPE course should obtain Board approval before the course is administered.

**Recommendation for Action:** The Committee recommended that the Board approve promulgating the proposed regulations as a final package with one amendment about the Board approving the Ethics CPE course before it is administered.

- **Non-Controversial/Fast Track Items: CPE**

The Committee reviewed possible regulatory language that would: (1) grant a regulant an “automatic 31-day grace period after the end of the CPE reporting cycle or after the end of a year to make up the deficiency” in obtaining the required 120 CPE credits by the end of a reporting cycle; and (2) not require a CPA “holding a currently valid CPA certificate from a state in which he has his principal office” from having to “meet the Board’s CPE requirements so long as that state has a CPE requirement of at least 120 CPE credits during a three-year reporting period.”

Ms. Feldman stated that this language represents the current policy of the Board.

**Recommendation for Action:** The Committee recommended that the proposed regulatory language about CPE should be promulgated as a fast-track regulation, due to it being non-controversial and being current Board policy.

- **Non-Controversial/Fast Track Items: Peer Review**

The Committee reviewed possible regulatory language pertaining to peer review requirements for CPA firms.

**Recommendation for Action:** The Committee recommended that amended language about peer review (18 VAC 5-21-70.D) should be drafted and submitted in the Board’s next regulatory package.

- **Regular Items: Enforcement and Records Retention**

The Committee reviewed proposed regulatory language related to enforcement (18 VAC 5-21-120—Standards of conduct for all regulants) and records retention (18 VAC 5-21-160—Standards of practice for firms holding registration certificates).

**Recommendation for Action:** The Committee recommended that amended language related to enforcement and records retention be drafted and submitted in the Board’s next regulatory package.

### **Discussion about Changes to Code:**

- **Confidential Consent Agreement**

The Committee reviewed the draft confidential consent agreement referred to it by the Enforcement Committee.

**Recommendation for Action:** The Committee recommended that the implementation of a confidential consent agreement be put on hold due to concerns about how to set up such a process, and since the Enforcement Committee currently has in place a process for dispute resolution and mediation, which is confidential.

- **Deletion of language from Section 54.1-4417**

The Committee reviewed proposed changes to Section 54.1-4417 of the Code of Virginia, the Board's statute about monetary penalties.

**Recommendation for Action:** The Committee recommended that the amended statutory language be made part of the Board's legislative package for the 2006 session of the General Assembly.

**Future Meetings:**

The Committee did not schedule any additional meeting dates at this time.

The meeting adjourned at 10:30 a.m.

---

Stephen D. Holton, CPA  
Chairman, Legislative/Regulatory Committee  
Board of Accountancy

---

Date