

# THE VIRGINIA BOARD OF ACCOUNTANCY

## MEETING MINUTES

The Virginia Board of Accountancy (Board) met on Friday, June 3, 2005, in Room 395 of the 3600 West Broad Street Building, Richmond, Virginia 23230.

The following Board members present for the entire meeting were:

Harry D. Dickinson, Ph.D., CPA, Chairman  
Jane M. Little, CPA, Vice Chairman  
O. Whitfield Broome, Ph.D., CPA  
Stephen D. Holton, CPA  
Regina P. Brayboy, MPA  
Dian T. Calderone, MTX, CPA  
Lawrence D. Samuel, CPA

The Board staff present for the entire meeting included:

Nancy Taylor Feldman, Executive Director  
Mark D'Amato, Board Administrator

The Board staff present for a portion of the meeting was:

Jean Grant, Enforcement Coordinator/Investigator

Also in attendance for the entire meeting was:

Howard T. Macrae, Jr., Assistant Attorney General

In attendance for the entire meeting was:

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

Chairman Dickinson called the meeting to order at 10:30 a.m. He welcomed those in attendance to the meeting.

**Call to Order**

Chairman Dickinson determined that a quorum was present.

**Determination of Quorum**

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

**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 22, 2005 Board meeting

B. Legislative/Regulatory Issues

Stephen D. Holton, CPA, Board member

C. Enforcement Cases

Jane M. Little, CPA, Committee Chairman

1. File Number 2004-U07 (Board v. Collier)
2. File Number 2004-U05 (Board v. Delaware)
3. File Number 2004- D15 (Board v. Buchanan)

D. Education/Examination: Meeting Report-May 26, 2005

O. Whitfield Broome, Ph.D., CPA, Committee Chairman

Recess for Lunch

Reconvene

E. Discussion of NASBA Issues

1. Compliance Assurance (Peer Review)
2. Proposed UAA Changes

F. Future Meetings and Training

Sign Conflict of Interest Forms  
Complete Travel Expense Vouchers

Adjournment

Chairman Dickinson opened the floor for public comment.

**Public Comment  
Period**

The following attendee introduced herself to the Board: (1) Ms.

Collins, the Government Affairs Director with the Virginia Society of Certified Public Accountants (VSCPA).

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

The members reviewed the draft minutes from the April 22, 2005 Board meeting.

Upon a motion by Dr. Broome, and seconded by Ms. Little, the Board approved by unanimous vote the minutes from its meeting on April 22, 2005. The members voting “**AYE**” were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

Mr. Holton opened a discussion about legislative and regulatory issues by asking the other members to consider how a CPA firm is defined, both in statute and regulation. A discussion about this definition, he noted, would of necessity focus on what, if any, changes the Board feels are required about firm registration and on how such changes would impact the public. Mr. Holton stated that the goal would be to compose sample wording of any changes for Board approval in order to meet the deadlines to submit a legislative package to the next session of the General Assembly.

The members proceeded with a conceptual discussion about firm registration, focusing on the threshold for registration and what the right answer is to protect the public. The topics discussed included: (1) the issue of compensation for work performed; (2) the use of the CPA title; (3) the performance of the attest function; (4) the requirements of peer review; and (5) the issue of sole proprietorship.

The members agreed to continue their discussion after lunch.

The Board recessed from 11:45 a.m. to 12:15 p.m. for lunch.

**A. Approval of  
Minutes from April  
22, 2005 Board  
meeting**

**B. Legislative/  
Regulatory Issues –  
Stephen D. Holton,  
CPA, Board  
member**

**Recess for Lunch**

Mr. Holton reviewed with the other members the points discussed before lunch. The members agreed that Mr. Holton should draft wording on these issues to be reviewed by the other members. The draft would be sent to the Board through the Executive Director.

The members also agreed that any legislative package must be ready for approval at the Board meeting on July 26<sup>th</sup>, so it can meet the requisite deadlines.

Ms. Little noted that she would recuse herself from any action on the three enforcement cases due to her involvement as a committee member; Mr. Samuel recused himself for the same reason. Ms. Little and Mr. Samuel left the room.

Dr. Dickinson stated that the members' task would be to review the findings of fact, conclusions of law and recommended sanctions contained in the consent agreement signed by Mr. Collier. The members may adopt, modify, or reject the findings of facts, and the recommended sanctions contained in that document.

Ms. Grant made a brief presentation to the members about the case, which involved claiming to hold a valid CPA license when the individual did not hold a valid CPA certificate in Virginia.

In the matter of **File Number 2004-U07, Board v. Collier**, the Board reviewed the consent agreement with its findings of fact, conclusions of law and sanctions. Mr. Collier was not present, nor was his attorney present to represent him.

Upon a motion by Ms. Brayboy, and seconded by Dr. Broome, the Board by unanimous vote accepted the findings of fact and sanctions contained in the consent agreement, thereby imposing a monetary penalty of \$5,000 to be paid within ninety (90) days of the entry date of the order. The members voting "**AYE**" were Dr. Dickinson, Dr. Broome, Mr. Holton, Ms. Brayboy, and Ms. Calderone. Ms. Little and Mr. Samuel were not present and did not participate in the discussion or vote.

Dr. Dickinson noted that the members' task in the next two cases would be to review the recommended findings of fact and sanctions

**B. Legislative/  
Regulatory Issues  
(cont'd) – Stephen  
D. Holton, CPA,  
Board member**

**C. Enforcement  
Cases – Jane M.  
Little, CPA,  
Committee  
Chairman**  
**1. File Number  
2004-U07 (Board v.  
Collier)**

**2. File Number  
2004-U05 (Board v.**

prepared by Ms. Little, the presiding officer at the informal fact-finding conferences (IFFs) for each case. The members may adopt, reject, or modify the findings of fact contained in the presiding officer's report, then adopt, reject or modify the recommended sanctions.

**Delaware)**

Ms. Grant made a brief presentation to the members about the case, which involved: (1) practicing on an expired CPA license; (2) failing to respond to the Board; and (3) failing to maintain professional competence.

In the matter of **File Number 2004-U05, Board v. Delaware**, the Board reviewed the record of the informal fact-finding conference, which consisted of the investigative file, transcript and exhibits, and the recommended findings of fact and recommended sanctions provided in the presiding officer's report. Mr. Delaware was not present, nor was his attorney present to represent him.

Dr. Dickinson called for a motion to close the discussion on the case. Upon a motion by Mr. Holton, and seconded by Ms. Calderone, the Board unanimously approved closing the discussion on the case. The members voting "AYE" were Dr. Dickinson, Dr. Broome, Mr. Holton, Ms. Brayboy, and Ms. Calderone. Ms. Little and Mr. Samuel were not present and did not participate in the discussion or vote.

Upon a motion by Mr. Holton, and seconded by Ms. Calderone, the Board unanimously approved: (1) modifying the recommended conclusions of law in Count I to cite Section 54.1-4413 of the *Code of Virginia* for Delaware's failure to renew the CPA license, and the recommended action to state that the Board denied Delaware's request for reinstatement of his CPA license for a period of five years in accordance with Section 54.4413.1 of the *Code of Virginia*; and (2) imposing a monetary penalty of \$10,000 to be paid within ninety (90) days of the entry date of the order. The members voting "AYE" were Dr. Dickinson, Dr. Broome, Mr. Holton, Ms. Brayboy, and Ms. Calderone. Ms. Little and Mr. Samuel were not present and did not participate in the discussion or vote.

Ms. Collins requested that the Board supply copies of case orders to the VSCPA to put before its Professional Ethics Committee.

The Board recessed from 2:05 p.m. to 2:20 p.m.

**Board Recess**

Ms. Grant made a brief presentation to the members about the case, which involved the failure to uphold the standards of conduct for CPA license holders by committing acts discreditable to the profession.

In the matter of **File Number 2004-D15, Board v. Buchanan**, the Board reviewed the record of the informal fact-finding conference, which consisted of the investigative file, transcript and exhibits, and the recommended findings of fact and recommended sanctions provided in the presiding officer's report. Mr. Buchanan was not present, nor was his attorney present to represent him.

Upon a motion by Mr. Holton, and seconded by Ms. Calderone, the Board unanimously approved modifying: (1) the finding of fact to state that Buchanan failed to uphold the standards of conduct for regulants by committing acts discreditable to the profession, *i.e.*, by his own admission, his judgment was "clouded," which could impair his ability to practice public accountancy; and (2) the recommended action so that Buchanan's CPA license should be suspended for a period of not more than two (2) years after his release, allowing Buchanan time to re-establish himself professionally. The members voting "AYE" were Dr. Dickinson, Dr. Broome, Mr. Holton, Ms. Brayboy, and Ms. Calderone. Ms. Little and Mr. Samuel were not present and did not participate in the discussion or vote.

The Board recessed from 3:10 p.m. to 3:20 p.m.

Dr. Broome, as chairman of the Education/Examination Committee, referenced the meeting report handed out to the other members by highlighting only four issues: (1) the renewal for one year of the Board's contract with CPA Examination Services (CPAES); (2) the administration of the CPA exam beyond the one-year extension; (3) the visitation of Prometric exam sites; (4) the creation of an ad-hoc committee to annually revise the Board's Ethics CPE course; and (5) the proposed changes to the 150-hour education requirements in the Uniform Accountancy Act (UAA).

Dr. Broome addressed each issue in turn. First, the committee recommended that the Board agree to a one-year extension with CPAES subject to a contract modification agreement including language about CPAES adding staff to assist the Virginia Coordinator to maintain a higher level of customer service. A draft of the agreement would be presented to the Board at its meeting on June 29<sup>th</sup>.

**C. Enforcement**  
**Cases (cont'd)**  
**3. File Number**  
**2004-D15 (Board v.**  
**Buchanan)**

**Board Recess**

**4. Education/**  
**Examination – O.**  
**Whitfield Broome**  
**Ph.D., CPA,**  
**Committee**  
**Chairman**

Second, once the final one-year contract extension with CPAES ends, the Board has two choices about how to proceed: (1) submit a request for proposals (RFP) to get a vendor for examination services; or (2) bring the administration of the CPA exam in-house. To provide the Board with information about these choices, the committee recommended that the staff prepare a study of the pros and cons about each option. This study would be presented to the Board at its July 26<sup>th</sup> meeting.

Third, all Board members will be provided with a checklist they must complete during their visit to Prometric sites. The checklist, which would be based upon the checklist created by NASBA's Examination Committee, will be sent to the members for their use during the July/August window.

Fourth, the committee recommended that the Board send e-mail to all regulants asking for volunteers to sit on an ad-hoc committee to assist in preparing the outline of the Board's annual Ethics CPE course. Such a committee should be comprised of CPAs from the audit, tax, government, education and non-profit sectors. The members agreed that CPAs who work in the private sector should also be included on the committee. Further, the committee members, who would serve a three-year term, must be CPAs who have: (1) a current CPA license; (2) ten years of experience; and (3) no complaints or disciplinary action against them. The Board agreed to the committee's recommendations as amended.

Fifth, since the proposed UAA changes, which were to be discussed later in relation to the upcoming NASBA Eastern Regional meeting (agenda item E.2), were addressed in the meeting report, the members agreed to discuss the matter at this time. Dr. Broome noted that the controversial nature of the UAA proposal was due to its specificity about accounting and business courses to fulfill the 150-hour education requirement. Several state boards had already come out in opposition to the proposal. The deadline for comments on the proposed changes was extended to August 26<sup>th</sup>. The committee recommended that Board members attend the NASBA Eastern Regional meeting and participate in discussions about the proposed changes, listening to input from other state boards in order to arrive at a decision on any comments to be submitted by the deadline.

Dr. Broome informed the other members that the American Institute of Certified Public Accountants (AICPA) would be coming out in opposition to the proposed changes.

Due to a lack of time, the members agreed to move the other items in the committee's report to the June 29<sup>th</sup> meeting.

Mr. Holton reviewed with the other members what he had learned by attending the Compliance Assurance Committee meeting held by NASBA. The current structure of the peer review program, he noted, involves the AICPA supplying the program to state societies, which administer it in the states. The AICPA's Peer Review Board oversees how the program is administered in each state. The goal of the Compliance Assurance program, according to NASBA, is to assure that the peer review programs are being administered at the state level as needed by the state boards. Further, NASBA wants to create a Compliance Assurance Board to ensure that state societies are providing the state boards with a good product. This oversight, he noted, would be similar to that currently provided by the AICPA's Peer Review Board. State societies, it appeared, were to fund NASBA's oversight of the AICPA's peer review program. The members agreed to participate in discussions about this matter at the upcoming NASBA meeting.

Since this matter was discussed during Dr. Broome's report, no further discussion was warranted.

The members discussed their schedule of upcoming meetings. They reaffirmed the following schedule of Board meetings: (1) Wednesday, June 29, 2005; and (3) Tuesday, July 26, 2005.

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

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

With no further business coming before the Board, upon a motion by Ms. Calderone, and seconded by Dr. Broome, the meeting was adjourned by unanimous vote at 4:52 p.m. The members voting "AYE" were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

## **E. Discussion of NASBA Issues:**

### **1. Compliance Assurance (Peer Review)**

### **2. Proposed UAA Changes**

## **D. Future Meetings**

### **Conflict of Interest Forms**

### **Travel Expense Vouchers**

## **Adjournment**



**APPROVED:**

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Harry D. Dickinson, Ph.D., CPA, Chairman

**COPY TESTE:**

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Nancy Taylor Feldman, Executive Director