THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Tuesday, June 30, 2015 in Board Room #4 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT:
W. Barclay Bradshaw, CPA, Chair
Robert J. Cochran, Ph.D., CPA, Vice Chair
Matthew P. Bosher, Esq.
James M. "Jim" Holland, CPA
Stephanie S. Saunders, CPA

MEMBERS NOT PRESENT:
Andrea M. Kilmer, CPA
Marc B. Moyers, CPA

LEGAL COUNSEL:
Heather Hays Lockerman, Senior Assistant Attorney General and Section Chief
Anna Birkenheier, Assistant Attorney General
Spencer Anderson, Intern, Office of the Attorney General

STAFF PRESENT:
Wade A. Jewell, Executive Director
Chantal K. Scifres, Deputy Director
Mary T. Charity, Director of Operations
Mark Bong, Enforcement Director
Kelli Anderson, Communications Manager
Jean Grant, Enforcement Manager
Patti Hambright, CPE/Peer Review Coordinator and Administrative Assistant
Christine K. Rappe, CPE Coordinator

MEMBERS OF THE PUBLIC PRESENT:
Tyrone E. Dickerson, CPA, Former Member & Past Chair, Virginia Board of Accountancy
Emily Walker, Vice President, Advocacy, Virginia Society of Certified Public Accountants
Zané Mullins, Education Manager, Virginia Society of Certified Public Accountants
Kristin White, CPA, Manager, WellsColeman

CALL TO ORDER

Chairman Bradshaw called the meeting to order at 10:00 a.m.

SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Mr. Bradshaw determined there was a quorum present.

APPROVAL OF AGENDA

Upon a motion by Mr. Holland, and duly seconded, the members voted unanimously to approve the June 30, 2015 agenda as presented. The members voting **"AYE"** were Mr. Bradshaw, Dr. Cochran, Mr. Bosher, Mr. Holland and Ms. Saunders.

APPROVAL OF CONSENT AGENDA

Upon a motion by Mr. Holland, and duly seconded, the members voted unanimously to approve the June 30, 2015 consent agenda, to include the May 21, 2015 Board meeting minutes and reinstatements as presented. The members voting **"AYE"** were Mr. Bradshaw, Dr. Cochran, Mr. Bosher, Mr. Holland and Ms. Saunders.

PUBLIC COMMENT PERIOD

Mr. Bradshaw welcomed and invited members of the public to provide comments. No comments were provided at this time.

COMMITTEE/NASBA UPDATES

Dr. Cochran led the discussion regarding the NASBA Eastern and Western Regional Meetings. The NASBA Western Regional meeting was held in Coronado, California from June 17 – 19, 2015, while the Eastern Regional Meeting was held in Baltimore from June 24 - 26. Dr. Cochran presented two breakout sessions in both the Eastern and Western Regional Meetings with the topic of *Evolving Education Issues – Facing the Present.* Mr. Jewell, Mr. Bosher, Ms. Saunders and Ms. Anderson along with Dr. Cochran attended the NASBA Eastern Regional Meeting. Ms. Saunders noted highlights included discussions regarding the changes occurring relative to continuing professional education (CPE). The Maryland and Ohio State Boards in particular discussed accepting CPE Nano learning in 20 minute increments but not 10 minute increments. Virginia is already positioned to accept CPE obtained in tenths of an hour. Ms. Saunders also recognized Mr. Jewell and Ms. Anderson for their outstanding and well received presentation on Communications. Mr. Bosher noted the New Accountancy Board Member Orientation Program as very useful. He also noted that, based on interaction with Board members from other jurisdictions, he was pleased how advanced Virginia is in many areas, and he credited the Board and staff for its work. Mr. Jewell noted annually he attended numerous NASBA meetings and planned to keep Virginia at the forefront of one of the most active, professional and well-run Boards. Mr. Jewell noted several topics of discussion at the meeting to include CPA succession planning and the changes occurring to the CPA Examination in 2017. Ms. Saunders discussed the Board's Active-CPE Exempt Status during the regional breakout. Mr. Jewell noted the discussion of fraudulent transcripts that appear to be on the rise, and the importance of evaluating education firms to be trustworthy and creditable. Ms. Anderson noted this to be her second conference and with each conference the topics continued to be more informative and meaningful than the last. Mr. Jewell recognized Dr. Cochran's presentations during the Eastern Regional Meetings as being refreshing. Mr. Bradshaw recognized Tyrone E. Dickerson, CPA, Former Member and Past Chair of the VBOA, and the Chair of NASBA's Diversity Committee. Mr. Dickerson reiterated many of the topics from NASBA's Eastern Regional Meeting.

Mr. Bradshaw led the discussion regarding the NASBA Regulatory Response Committee. He noted conference calls were scheduled for once a month. The committee discussions included changes in GAAP and financial reporting exposure drafts.

There were no updates to the NASBA Legislative Support Committee at this time.

Ms. Saunders led the discussion regarding the NASBA Communications Committee. She noted her attendance at the Eastern Regional Meeting Communications Breakfast. Ms. Saunders encouraged everyone to visit the NASBA Communications & Outreach website which demonstrates a very active committee and contains pertinent and helpful information. The newest whiteboard video created for Virginia by NASBA can be viewed on the Virginia Board of Accountancy website, as well as the NASBA Communications & Outreach website.

Dr. Cochran led the discussion regarding the NASBA Education Committee. He noted the AICPA, NASBA and accrediting body leaders plan to meet regarding changes in education delivery method and what accredited bodies are doing to insure high quality education. The meeting will take place in late fall.

Mr. Holland led the discussion regarding the NASBA Ethics Committee. He noted a conference call was scheduled for tomorrow, July 1, 2015 at 2:00 p.m.

Mr. Jewell led the discussion regarding the NASBA Executive Director's Committee. Mr. Jewell noted both the Executive Directors/Staff and the Legal Counsel Conferences for 2016 would be held March 14 – 18 in Tuscan, Arizona. Mr. Jewell will become Chair of the NASBA Executive Director's Committee in October of 2015.

EXECUTIVE DIRECTOR'S REPORT

Mr. Jewell presented general updates regarding the VBOA:

- Mr. Jewell noted the NASBA PROC (Peer Review Oversight Committee) Summit would be held July 10, 2015 in Nashville, TN. Mr. Jewell along with Nadia Rogers, CPA, PROC Chair, and Steve Walls, CPA, PROC Committee Member will attend. Mr. Jewell noted there would be continued discussion regarding NASBA's Peer Review recommended Failed Reports Guidance guidelines. Ms. Rogers will participate in a panel discussion.

- Mr. Jewell noted he planned to attend the annual National Registry Summit of CPE Sponsors in Washington, D.C. September 9 – 11, 2015. He noted a lot of changes were expected.

- Mr. Jewell noted the NASBA Compliance Assurance Committee report had been released regarding the National Peer Review Committee (NPRC).

- Mr. Jewell noted he had met with the VSCPA for their quarterly meeting on June 1, 2015. Discussions included participation in Town Hall Meetings regarding audit quality, the upcoming VSCPA Executive Committee meeting, and peer review issues.

- Mr. Jewell noted on June 9, 2015 he attended an Executive Committee meeting at the VSCPA. Mr. Jewell noted the AICPA had put together a peer review work group. Ms. Peters is a part of that work group.

- Mr. Jewell noted that he, Dr. Cochran, Ms. Charity and Ms. Anderson had participated in the VSCPA's Educator's Symposium on June 4.

- Mr. Jewell noted that he and a Board member would be participating in the VSCPA's annual Professional Issues Update session on July 22, 2015.

- Mr. Jewell noted that the AICPA would be releasing the exposure draft for the new CPA Examination on September 1, 2015, with comments due by November 30, 2015.

- Mr. Jewell updated the Board regarding new staff positions. Interviews for the new IT position would begin on July 8, 2015. The initial interview panel would consist of Ms. Scifres, a VITA employee and an individual from the Department of Health Professions.

- Mr. Jewell noted the vacant wage position is changing focus towards a position which would allow for an increase in audits of licensees from the current 5%. Dr. Cochran noted the California Board was experiencing a significant increase in the receipt of fraudulent CPE completion certificates. These fraudulent certificates were being issued by individuals claiming to provide CPE. Mr. Jewell noted CPE taken through the VSCPA and electronically transferred into the CPE Tracking System guaranteed authentic certificates. He also noted the NASBA CPE registry aides in recognizing legitimate CPE providers. Mr. Holland noted the Board benefited greatly from working closely with the VSCPA.

- Mr. Bong provided a status update on the list of firms that were identified as providing audits (in 2011) for Virginia-based Employee Benefit Plans by the U.S. Dept. of Labor. Mr. Bong noted the data was raw and a comparison with the Board's license database was time consuming, as the list contained nearly 400 firms performing ERISA mandated audits. The list was examined to locate Virginia audits performed by entities not licensed and enrolled in peer review in Virginia. Ms. Dabney from the VSCPA provided assistance in confirming peer review enrollment for the firms on the list, with only one firm being found to not be licensed/enrolled. This firm has been contacted but a reply has not yet been received. In addition to confirming peer review enrollment and firm licenses, the enforcement staff will notify out of state firms that apparently provided audits for plans located in Virginia, to ensure their eligibility to do so under mobility.

May 2015 Board and Financial Reports

Ms. Charity presented and fielded questions regarding the May 2015 Board Report. Mr. Jewell added the year-to-date CPE audit deficiency rate through May was 24%.

Ms. Scifres presented and fielded questions regarding the May 2015 Financial Report.

BOARD DISCUSSION TOPICS

Board Policies

Mr. Bradshaw led the discussion regarding the proposed changes and approval of Board Policies #2, #4, #5, and #7. Mr. Jewell noted the proposed changes had been posted on the VBOA website since May 21, 2015 and that the Board had received no comments. Ms. Kilmer had suggested to Mr. Jewell, however, to consider revising Board Policy #4 under CPE violations, second sentence, replacing the word "will" with "may" in regards to enforcement action "may" be taken.

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to approve the proposed changes to Board Policy #2, #4, #5 and #7 as amended. The members voting **"AYE"** were Mr. Bradshaw, Dr. Cochran, Mr. Bosher, Mr. Holland and Ms. Saunders.

Active – CPE Exempt Status

Mr. Bradshaw led the discussion regarding the Active-CPE Exempt Status. Mr. Bradshaw recommended leaving the status in place for at least one year before considering making any changes, as well as monitoring actions taken through the AICPA and NASBA with the Uniform Accountancy Act regarding this topic. Mr. Bosher requested the updated statistics regarding the Active-CPE Exempt Status. Ms. Charity noted 1,349 Active-CPE Exempt status applications have been received, with a total of 898 approved as of June 30, 2015.

AICPA/CPE Discussion

Mr. Jewell led the discussion regarding the AICPA/CPE discussion. He noted the AICPA had recently released a map of all the states and their interpretation of CPE reciprocity by state. The initial map release stated Virginia did not have CPE reciprocity. Mr. Jewell noted this was inaccurate. Virginia accepts CPE from an out of state licensee in good standing when the licensee has met their home state's CPE requirements. Ms. Walker contacted the AICPA regarding their interpretation. The AICPA noted when reviewing Virginia's CPE requirements it was unclear whether or not out of state CPE would be considered, except for an annual ethics course. The AICPA updated their mapping to indicate Virginia had partial CPE reciprocity. Ms. Walker noted she and Ms. Peters had a further discussion with the AICPA and the AICPA has agreed to change Virginia to a fully reciprocal CPE state for now. Ms. Walker noted it would be beneficial if the Board would consider adding a Board Policy clarifying out of state licensees and CPE reciprocity. She noted the VSCPA receives this question often when a licensee is selected for a CPE audit. Maryland had a similar situation with this interpretation. Mr. Jewell noted he and Ms. Anderson would review the website's CPE language.

DOL and Audit Quality Report

Mr. Bradshaw led the discussion regarding the Department of Labor's (DOL) audit quality report for the 2011 filing year. Mr. Bradshaw noted the DOL report reflected 7,330 different CPA firms had conducted 81,162 audits in 2011. The report indicated that 61% of the audits fully complied with professional auditing standards, or had only minor deficiencies. However, 39% of the audits contained major deficiencies with respect to one or more relevant GAAS requirements which would lead to rejection of a Form 5500 filing, putting $653 billion and 22.5 million plan participants and beneficiaries at risk. Mr. Bradshaw also shared numerous other findings from the audit quality report. In summary Mr. Bradshaw shared his concerns regarding these findings and agreed that much work needs to be done regarding audit quality in the future. Among the 11 recommendations in the report, three of them pertain to NASBA and Boards of Accountancy.

NASBA and AICPA – Proposed Revisions to CPE Provider Standards

Mr. Jewell led the discussion regarding the NASBA and AICPA proposed revisions to the CPE provider standards. He noted he would be attending the CPE National Registry Summit of CPE Sponsors in Washington, D.C. September 9 – 11, 2015. He noted discussion topics would include Nano learning standards.

Board Discussion Topics, continued

Mr. Bradshaw inquired to the Board as to any additional topics for discussion. At Mr. Jewell's suggestion the Board moved forward with Chair and Vice-Chair nominees.

Transition and Board Leadership

Upon a motion by Mr. Holland and duly seconded, the members voted unanimously to nominate Ms. Saunders for Board Chair effective July 1, 2015. The members voting **"AYE"** were Mr. Bradshaw, Dr. Cochran, Mr. Bosher, Mr. Holland and Ms. Saunders.

Upon a motion by Mr. Holland and duly seconded, the members voted unanimously to nominate Mr. Moyers as Board Vice-Chair effective July 1, 2015. The members voting **"AYE"** were Mr. Bradshaw, Dr. Cochran, Mr. Bosher, Mr. Holland and Ms. Saunders.

Ms. Saunders read a resolution into record recognizing June 30, 2015 as Mr. Bradshaw and Dr. Cochran recognition day. The Board members, Mr. Jewell, Mr. Dickerson and Ms. Walker recognized Mr. Bradshaw and Dr. Cochran for their leadership and commitment to the Board and to the profession.

Upon a motion by Mr. Holland and duly seconded, the members voted unanimously to approve and accept the resolution as read. The members voting **"AYE"** were Mr. Bradshaw, Dr. Cochran, Mr. Bosher, Mr. Holland and Ms. Saunders.

RECESS FOR BOARD LUNCH 12:00

RECONVENE 1:00

ADDITIONAL ITEMS FOR DISCUSSION

Carry Over Items / Potential Future Topics

- PROC – Policy on reporting Peer Review results to the Enforcement Committee
- CPE – VBOA/VSCPA discussions
- Inactive Status
- Single Renewal Date all Virginia Licensees
- Trust Fund Reserve Policy
- Background checks
- Statute/Regulation changes

Sign Conflict of Interest Forms

Sign Travel Expense Vouchers

Future Meeting Dates

Mr. Jewell suggested selecting future meeting dates once new Board members are appointed. Mr. Jewell will follow up with all Board members to select future meeting dates.

ENFORCEMENT

BEGIN CLOSED MEETING

Upon a motion by Dr. Cochran, and duly seconded, the members approved by unanimous vote the meeting be recessed and the Virginia Board of Accountancy immediately convene a closed meeting under

the Virginia Freedom of Information Act to consult with legal counsel on issues relating to probable litigation and/or consider the status of all open Enforcement Cases, a matter lawfully exempted from open meeting requirements under the 'consulting with legal counsel' and 'disciplinary proceedings' exemptions contained in Virginia Code § 2.2-3711(A)(7),(27). The following non-members were in attendance to reasonably aid the consideration of these topics: Wade A. Jewell, Executive Director, Mark Bong, Enforcement Director, Heather Hays Lockerman, Senior Assistant Attorney General and Section Chief, Anna Birkenheier, Assistant Attorney General, Jean Grant, Enforcement Manager, and Spencer Anderson, Intern, Office of the Attorney General. The members voting **"AYE"** were Mr. Bradshaw, Dr. Cochran, Mr. Bosher, Mr. Holland and Ms. Saunders.

END CLOSED MEETING

Upon a motion by Dr. Cochran, and duly seconded, the Virginia Board of Accountancy 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
Robert J. Cochran, Ph.D., CPA – Aye
Matthew P. Bosher, Esq. – Aye
James M. "Jim" Holland, CPA – Aye
Andrea M. Kilmer, CPA – Not Present
Marc B. Moyers, CPA – Not Present
Stephanie S. Saunders, CPA – Aye

VOTE:
AYES: Five (5)
NAYS: None

BEGIN CLOSED MEETING

Upon a motion by Dr. Cochran, and duly seconded, the members approved by unanimous vote that the meeting be recessed and the Virginia Board of Accountancy immediately reconvene in a closed meeting under the Virginia Freedom of Information Act to discuss and consider a personnel matter, a matter lawfully exempted from open meeting requirements under the 'personnel matters' exemption contained in Virginia Code **§ 2.2-3711(A)(1) .** The following non-member was in partial attendance to reasonably aid the consideration of the topic: Wade A. Jewell, Executive Director. The members voting **"AYE"** were Mr. Bradshaw, Dr. Cochran, Mr. Bosher, Mr. Holland and Ms. Saunders.

END CLOSED MEETING

Upon a motion by Dr. Cochran, and duly seconded, the Virginia Board of Accountancy 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 Virginia Board of Accountancy 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
Robert J. Cochran, Ph.D., CPA – Aye
Matthew P. Bosher, Esq. – Aye
James M. "Jim" Holland, CPA – Aye
Andrea M. Kilmer, CPA – Not Present
Marc B. Moyers, CPA – Not Present
Stephanie S. Saunders, CPA – Aye

VOTE:
AYES: Five (5)
NAYS: None

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Dr. Cochran and duly seconded, the meeting was adjourned by unanimous vote at 2:00 p.m. The members voting **"AYE"** were Mr. Bradshaw, Dr. Cochran, Mr. Bosher, Mr. Holland and Ms. Saunders.

APPROVED:

_____
W. Barclay Bradshaw, CPA, Chair

COPY TESTE:

_____
Wade A. Jewell, Executive Director