

**THE VIRGINIA BOARD OF ACCOUNTANCY
DRAFT MEETING MINUTES**

The Virginia Board of Accountancy (Board) met on Wednesday, January 8, 2008 in Board Room 3 of the Perimeter Center, 9960 Mayland Drive, Richmond, Virginia 23233.

The following Board members present for the entire meeting were:

Lawrence D. Samuel, CPA, Chairman
Dian T. Calderone, MTX, CPA, Vice Chairman
Stephen D. Holton, CPA, Immediate Past Chairman
William E. Hunt, CPA

The following Board members absent for the entire meeting were:

Regina P. Brayboy, MPA
Tyrone E. Dickerson, CPA

The Board staff members present for the entire meeting were:

Nancy Taylor Feldman, Executive Director/Agency Head
Katherine Idrissi, Special Assistant to the Executive Director
Dreana L. Gilliam, Licensing and Examination Coordinator

Also in attendance for the meeting was:

Cynthia H. Norwood, Assistant Attorney General

In attendance for a portion of the meeting were:

O. Whitfield Broome, PhD, CPA
Stephanie Peters, President and CEO, Virginia Society of Certified Public Accountants
Emily Walker, Grassroots & Regulatory Specialist, Virginia Society of Certified Public Accountants
Erin Collins, Government Affairs Director, Virginia Society of Certified Public Accountants
Rebecca McCoy, CPA, Vice Chair Virginia Society of Certified Public Accountants Board of Directors
Pamela Kamalakkannan, Board of Accountancy
Monique Valentine,

Chairman Samuel called the meeting to order at 10:04 a.m.

Call to Order

Safety Procedures

Chairman Samuel determined that a quorum was present.

Katherine Idrissi
Determination of
Quorum

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

Approval of Agenda

The Board’s December 12, 2007 Final Agenda was as follows:

Safety Procedures

Call to Order

Determination of Quorum

Approval of Agenda

Public Comment Period

Consent Agenda

1. Board Minutes – October 9, 2007

Board Reports

2. Executive: Lawrence D. Samuel, CPA, Chairman
 - Report on the NASBA 100th Anniversary Meeting
 - Discussion of Fee Analysis
3. Legislative/Regulatory: Stephen D. Holton, CPA, Immediate Past Chairman
 - Comprehensive Review of Regulations
 - Update on Proposed Regulation – 150 Hour Deadline
4. Vice Chairman – Dian T. Calderone, MTX, CPA, Vice Chairman
 - BOA Trust Account Policy
5. Education – O. Whitfield Broome, Ph.D., CPA, Board Member
 - CBT Questionnaire – sent via email 10/25/07 (Feldman)
 - Improvements to the CPA Examination

6. IT Transformation Kick-Off Presentation – Nancy T.

Feldman

- Norm Hill, VITA Partnership
 - Linda Smithson, VITA Partnership
 - Mark Casper, VITA Partnership

Recess for Board Lunch

7. Jack Ottensoser, Systems Automation Functionality

8. Systems Automation License 2000 – Mark Monson and Pat Paquette, Department of Health Professions

9. Enforcement – Dian T. Calderone, MTX,CPA,
Committee Chairman

Board Orders:

- File Number 2007-U05 (Rebecca Dirmeyer)
(Calderone & Dickerson)
- File Number 2006-U11 (Thomas Cassell)
(Calderone & Dickerson)
- File Number 2007-E02 (Gregory Williams)
(Broome & Hunt)

Consent Orders:

- File Number 2007-D18 (Jesse Surles)
(Calderone & Dickerson)

BOA Reports

10. 2008 Board Retreat – Katherine Idrissi
11. Planning for BOA Centennial Anniversary – Nancy T. Feldman

Sign Conflict of Interests Forms
Complete Travel Expense Vouchers

Adjournment

No Public Comments

Mr. Crenshaw, ARMICS, Director of Government Services presented the ARMICS/Zelos role in assisting BOA with the Governor's mandate regarding agency internal controls. Internal controls will assist in improving the Commonwealth's bond rating, ensuring and integrity of processes. The ARMICS framework consists of three stages. Stage 1- agency control assessment – no deficiencies. Stage 2-- transaction level assessment – currently in process, assessment will be completed by March 31, 2008. Stage 3-- Upon determination of any deficiencies ARMICS will identify the necessary corrective actions by June 30, 2008. Mr. Crenshaw will present a detailed scoping memo to the Board for review and response. Comments are to be returned by Monday—December 17.

Upon a motion by Mr. Samuel, and seconded by Ms. Brayboy, the Board by unanimous vote approved the consent agenda, which included the minutes as amended from the Board meeting on October 9, 2007. The members voting “**AYE**” were Mr. Dickerson, Dr. Broome, Ms. Calderone, Mr. Holton, and Mr. Hunt.

Mr. Samuel reported on the NASBA 100th Anniversary Conference. 367 participants from 51 of 55 jurisdictions were in attendance. A historical overview of NASBA was presented and the business

**Public Comment
Period**

**Eric Crenshaw,
ARMICS Director
of Government
Services**

1. Board Minutes

2. Executive Report

sessions provided good information. The sessions included information regarding the following:

- (1) SOX – past, present, and future
- (2) The Global Impact of Accounting Standards – IFRS Standards and the impact on U.S. GAAP Standards
- (3) SEC rules change - Global interactions will go to one standard for all findings
- (4) PCAOB – working with auditors and non-auditors
- (5) Public Company Auditing – Auditing in the 21st century/Sarbanes Oxley
- (6) Education – Entry level CPAs
- (7) Donald J. Burkett, CPA– Regional Director, NASBA, pleased with Virginia’s progressive approach.

The next NASBA annual meeting will be held in Boston, MA. The NASBA regional meeting will be held in Ashville, NC.

Dr. Broome provided additional information regarding the NASBA 100th Anniversary Conference. NASBA will hold an Inauguration for the new Chair. The business sessions on mobility, the CPA exam, peer review, compliance assurance, and international regulations were informative. In addition, NASBA plans to improve communication with the individual boards. Jan Williams of NASBA presented the “Future of Accounting Education.” Discussion topics included general concerns regarding funding, accountability, technology, distance learning, challenges to tenure, the increasing number of students and the lack of funds, and old courses. Further discussion addressed the supply and demand of faculty, demand is currently at 500 and the supply is approximately 200, the lack of management, audit, and taxation instructors, and the salaries of faculty. The hiring of practitioners may address the supply and demand concerns. The ability to pay new hires up to 150% above may address the faculty salary concerns.

Dr. Broome reported, Bob Pearson, Chair, NASBA CPA Licensing Exam Committee led a discussion regarding the CPA exam issues at the NASBA 100th annual meeting. The business session topics included Prometric testing sites, the Board of Examiners report, exam issues, and international testing. Prometric sites will increase level of security with biometrics. Mr. Pearson recommended ethics be added to the exam due to increased concern regarding cheating.

The Board of Examiners currently has nine members all of whom have had state board experience. They report pass rates and volume currently at 40 – 47%, the practice analysis has been completed and the questionnaire sent. The split screen and copy/paste issues are currently being monitored. An assessment of international testing is in progress. A determination will need to be made regarding the following: threats to the public, test security, and fees.

Mr. Dickerson reported the business session led by guest-speaker Wally Amos was extremely informative. Mr. Dickerson has been appointed to the NASBA Ethics Committee

Mr. Holton led the discussion regarding the Comprehensive Review

3. Legislative/

of Regulations. Mr. Holton, Ms. Feldman, and Ms. Norwood will meet at a future date to discuss proposed changes to the regulations. Mr. Samuel also invited Stephanie Peters, VSCPA to provide input regarding the proposed changes.

Regulatory

The Board recessed from 12:00 p.m. – 12:30 p.m. for lunch.

Recess for Board Lunch

The members agreed to move this item down on the Agenda due to time constraints.

IT Transformation Kick-Off Presentation

Norm Hill presented the VITA Partnership Transformation Overview. The Transformation is a 3 year program which began in 2005. The Transformation was implemented to modernize the Commonwealth's information technology infrastructure. BOA processes and procedures are currently being integrated into the VITA Partnership deployment. Several processes are currently scheduled for implementation in 2008.

A copy of the presentation will be emailed to the board for review.

Dr. Broome led the discussion regarding the CBT Questionnaire and Improvements to the CPA Examination. Dr. Broome requested the questionnaire be completed by the end of the year. Mr. Hunt agreed to complete the questionnaire and forward to Dr. Broome for submission.

Education

Ms. Calderone led the discussion regarding the BOA Trust Account Policy. Revisions will be made to the policy and it will be finalized and added to the Board Policy Manual.

4. Vice Chairman

Upon a motion by Mr. Holton and seconded by Ms. Brayboy, the Board by unanimous vote approved the agreed upon Trust Account Policy. The members voting "AYE" were Mr. Samuel, Dr. Broome, Ms. Calderone, Mr. Hunt, and Mr. Dickerson.

This item was moved down on the agenda due to earlier time constraints.

Fee Analysis

Pamela Kamalakkannan, DPOR led the discussion of the BOA Fee Analysis. Ms. Kamalakkannan presented a Financial Analysis and Fee recommendations for three proposals to the board. The Board's last fee increase was in 1991. Since that time, the Board has decreased fees three times despite the fact that expenditures have risen steadily. The Board has been able to cover these deficits through transfers from its Special Enforcement Fund but cash balances in the fund will soon be exhausted if a fee increase is not implemented. In

addition, the Board's last audit report highlighted the need for the Board to develop a consistent funding strategy for its Special Enforcement Fund.

Upon a motion by Mr. Hunt and seconded by Mr. Samuel, the Board by unanimous vote approved the filing of a NOIRA. The members voting "AYE" were Mr. Holton Dr. Broome, Ms. Calderone, Ms. Brayboy, and Mr. Dickerson.

The members agreed to move this item up on the agenda.

The members agreed to move this item up on the agenda.

The members agreed to reschedule Mr. Ottensoser for the January 8, 2008 Board meeting due to time constraints.

The members agreed to reschedule Mark Monson and Pat Paquette, Department of Health Professions for the January 8, 2008 Board meeting due to time constraints.

Due to their involvement with this case, Ms. Calderone and Mr. Dickerson left the room and did not participate in the discussion or vote.

Chairman Samuel informed the other members about their task. In the matter of **File Number 2007-U05** (Rebecca Dirmeyer), Ms. Dirmeyer was not present nor represented by counsel.

Ms. Grant provided an overview of the case.

Upon a motion by Mr. Holton, and seconded by Ms. Brayboy, the Board by unanimous vote to accept the recommendation of the presiding officer.. The members voting "AYE" were Dr. Broome, Mr. Samuel, and Mr. Hunt.

CALL FOR VOTE:

Lawrence D. Samuel, CPA – Aye
Stephen D. Holton, CPA – Aye
O. Whitfield Broome, Ph.D., CPA – Aye
Regina P. Brayboy, MPA – Aye

5. Education

6. IT Transformation Kick-Off Presentation

7. Jack Ottensoser, System Automation Functionality

8. Systems Automation License 2000

9. Enforcement - . Dian T. Calderone CPA, Committee Chairman

Final Board Orders: File Number 2007-U05 (Rebecca Dirmeyer) [Calderone and Dickerson]

Dian T. Calderone, MTX, CPA – Not Present/No Vote
Tyrone E. Dickerson, CPA – Not Present/No Vote
William E. Hunt, CPA – Aye

VOTE

AYES: Five (5)

NAYS: None.

ABSENT DURING VOTE: Mr. Dickerson and Ms. Calderone

ABSENT DURING MEETING:

Due to their involvement with this case, Ms. Calderone and Mr. Dickerson left the room and did not participate in the discussion or vote.

**File Number 2006-
U11 (Thomas
Cassell) (Calderone
& Dickerson**

Ms. Grant provided an overview of the case.

Chairman Samuel informed the other members about their task. In the matter of **File Number 2006-U11** (Thomas Cassell), Mr. Cassell was not present nor represented by counsel.

Upon a motion by Mr. Holton, and seconded by Dr. Broome, the Board by unanimous vote to accept the recommendation of the presiding officer. The members voting “**AYE**” were Ms. Brayboy, Mr. Samuel, and Mr. Hunt.

CALL FOR VOTE:

Lawrence D. Samuel, CPA – Aye
Stephen D. Holton, CPA – Aye
O. Whitfield Broome, Ph.D., CPA – Aye
Regina P. Brayboy, MPA – Aye
Dian T. Calderone, MTX, CPA – Not Present/No Vote
Tyrone E. Dickerson, CPA – Not Present/No Vote
William E. Hunt, CPA – Aye

VOTE

AYES: Five (5)

NAYS: None.

ABSENT DURING VOTE: Mr. Dickerson and Ms. Calderone

ABSENT DURING MEETING:

The members agreed to move this item up on the agenda.

**File Number 2007-
E02 (Gregory
Williams)
(Calderone &
Dickerson)**

Due to their involvement with this case, Dr. Broome and Mr. Hunt left the room and did not participate in the discussion or vote. In addition, Mr. Samuel recused himself from the discussion and vote regarding this case.

Ms. Grant provided an overview of the case.

Mr. Holton informed the other members about their task. In the matter of **File Number 2007-E02** (Gregory Williams), Mr. Williams was not present nor represented by counsel.

Upon a motion by Mr. Holton, and seconded by Ms. Brayboy, the Board by unanimous vote approved the recommendation of the presiding officer. The members voting “**AYE**” were Ms. Calderone, and Mr. Dickerson.

CALL FOR VOTE:

Lawrence D. Samuel, CPA – Not Present/No Vote
Stephen D. Holton, CPA – Aye
O. Whitfield Broome, Ph.D., CPA – Not Present/No Vote
Regina P. Brayboy, MPA – Aye
Dian T. Calderone, MTX, CPA – Aye
Tyrone E. Dickerson, CPA – Aye
William E. Hunt, CPA – Not Present/No Vote

VOTE

AYES: Four (4)

NAYS: None.

ABSENT DURING VOTE: Mr. Hunt, Dr. Broome, and Mr. Samuel

ABSENT DURING MEETING:

Due to their involvement with this case, Ms. Calderone and Mr. Dickerson left the room and did not participate in the discussion or vote.

**File Number 2007-
D18 (Jesse Surles)
(Calderone &
Dickerson)**

Ms. Grant provided an overview of the case.

Chairman Samuel informed the other members about their task. In the matter of **File Number 2007-D18** (Jesse Surles). Mr. Surles was not present nor represented by counsel.

Upon a motion by Ms. Brayboy, and seconded by Mr. Holton, the Board by unanimous vote to accept the recommendation of the presiding officer. The members voting “**AYE**” were Dr. Broome, Mr.

Samuel, and Mr. Hunt.

CALL FOR VOTE:

Lawrence D. Samuel, CPA – Aye
Stephen D. Holton, CPA – Aye
O. Whitfield Broome, Ph.D., CPA – Aye
Regina P. Brayboy, MPA – Aye
Dian T. Calderone, MTX, CPA – Not Present/No Vote
Tyrone E. Dickerson, CPA – Not Present/No Vote
William E. Hunt, CPA – Aye

VOTE

AYES: Five (5)

NAYS: None.

ABSENT DURING VOTE: Mr. Dickerson and Ms. Calderone

ABSENT DURING MEETING:

Mr. Dickerson led the discussion regarding the development and implementation of a BOA newsletter. Ms. Feldman recommended a standardized format. Dr. Broome recommended the notification be submitted to the regulants electronically. Ms. Idrissi will contact NASBA to request the email addresses of exam candidates

New Business

Katherine Idrissi led the discussion regarding the 2008 Board Retreat. The Retreat was originally scheduled for May 16, 2008 through May 18, 2008 at Graves Mountain. Ms. Brayboy indicated that she will not be able to attend the Retreat on the days in question. Board staff will contact Graves Mountain to inquire about alternate availability.

10. 2008 Board Retreat

Nancy Feldman led the discussion regarding preparation for BOA Centennial Anniversary (November 10, 1910). Board members should begin thinking about the Centennial and schedule a date for an event. The BOA Centennial Anniversary event will be partnered with the VSCPA.

11. BOA Centennial Anniversary

Chairman Samuel asked the members to complete and sign their conflict of interest forms and complete and sign their travel expense vouchers.

Conflict of Interests Forms/ Travel Expense Vouchers

There being no further business before the Board, upon a motion by, Mr. Samuel and seconded by Mr. Holton, the meeting was adjourned by unanimous vote. The members voting “**AYE**” were Dr. Broome, Ms. Brayboy, Mr. Hunt, Ms. Calderone and Mr. Dickerson.

Adjournment

APPROVED:

Lawrence D. Samuel, CPA, Chairman

COPY TESTE:

Nancy Taylor Feldman, Executive Director/Agency Head