

THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Tuesday, November 30, 2010 in Board Room 3 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: Tyrone E. Dickerson, CPA, Chairman
Lawrence D. Samuel, CPA, Vice Chairman
O. Whitfield Broome, Ph.D., CPA, Immediate Past Chairman
Stephen D. Holton, CPA
Andrea M. Kilmer, CPA, CFF

MEMBERS ABSENT: Regina P. Brayboy, MPA, MBA
Dian T. Calderone, MTX, CPA

STAFF PRESENT: Wade A. Jewell, Executive Director
Dreana L. Gilliam, Board Administrator

**STAFF PRESENT FOR
A PORTION OF THE
MEETING:** Jean Grant, Enforcement Manager

**PRESENT FOR A
PORTION OF
THE MEETING:** Stephanie Peters, CAE, CEO, Virginia Society of Certified Public
Accountants
Emily Walker, Government Affairs Director, Virginia Society of
Certified Public Accountants
Joshua Leif, Senior Assistant Attorney General
James Walker, CPA, Immediate Past Chairman, Virginia Society of
Certified Public Accountants
Maureen Dingus, Executive Vice President, Virginia Society of
Certified Public Accountants
Darshae Dabney, Peer Review Administrator, Virginia Society of
Certified Public Accountants

CALL TO ORDER

Chairman Dickerson called the meeting to order at 10:12 a.m.

SECURITY BRIEFING

Ms. Gilliam provided the emergency evacuation procedures.

DETERMINATION OF QUORUM/APPROVAL OF AGENDA

After the declaration of a quorum, upon a motion by Mr. Dickerson and duly seconded, the members voted unanimously to approve the November 30, 2010 agenda with amendments. The members voting “**AYE**” were, Dr. Broome, Mr. Dickerson, Mr. Holton, Ms. Kilmer, and Mr. Samuel.

APPROVAL OF MEETING MINUTES

Upon a motion by Ms. Kilmer and duly seconded, the members voted unanimously to approve the October 20, 2010 meeting minutes as modified.

PUBLIC COMMENT

Members of the public were in attendance; however, no public comment was made at this time.

BOARD MEMBER/COMMITTEE UPDATES

Mr. Jewell provided an update of the website redesign project. He is in the process of ensuring all that all required and requested information has been provided to the Department of Health Professions (DHP). The VBOA has requested approval from VITA to design the VBOA website outside of the standard requirements. On behalf of the VBOA, DHP has requested an exception to the requirement. Mr. Jewell will have a conference call at 4pm today to discuss the matter. Following Mr. Jewell’s review, testing will begin by staff, members, and the Communications Committee. The project is still on track for January release. Mr. Jewell and Mr. Samuel will meet mid December to continue working.

Mr. Samuel reported on the status of the Peer Review Oversight Committee (PROC). He reported that each of the three board approved nominees (Samuel Johnson as chair, Douglas Bowles, and Nadia Rogers) have agreed to serve on the committee. The first meeting will be held on December 13, 2010 at 10:00am. This meeting will serve as the starting point for implementation of the committee’s role in assisting the full board from a mission standpoint. The PROC members will be provided with an overview of the VBOA, state government, FOIA requirements and travel expense reimbursement procedures by Mr. Jewell and Mr. Samuel.

Mr. Samuel and Dr. Broome provided an overview of the AICPA Board of Examiners (BOE) and State Board Committee meetings held in November. Dr. Broome led the discussion regarding the BOE meeting. The primary topic of discussion was the January 2011 launch of the new CPA exam. The November meeting of the BOE focused on setting a new passing score for the exam. Because of the need to validate the new passing score during the grading process, candidate scores will not be released until near the end of each testing window in the first three quarters of 2011. This delay in releasing the scores during the transition to a new exam is critical to ensuring and maintaining exam scoring integrity. However, beginning in the fourth quarter of 2011 and beyond, score reporting is expected to be significantly faster than with the old CPA exam..

The new CPA exam will be based on new Content and Skill Specification Outlines. International Financial Reporting Standards (IFRS) will become eligible to be tested, and shorter “task-based simulations” (TBS) will replace the longer simulations in the current format. The components of the AUD, FAR, and REG sections will include three multiple-choice question testlets and one testlet containing six or seven shorter Task-Based Simulations. The components of the BEC section will include three multiple-choice question testlets and three written communication tasks on BEC topics. Due to the major revision of the CPA exam, candidate volume increased significantly in the fourth quarter of 2010 and consequently is expected to decrease approximately 30% for the first quarter of 2011 testing window.

Mr. Samuel provided an overview of the CPA exam. Three organizations jointly offer the CPA Exam: the AICPA, NASBA, and Prometric. The AICPA handles the development and scoring of the exam. The AICPA exam team consists of approximately 50 members (CPAs, psychometricians, and statisticians) and is located in Ewing, New Jersey. Ewing is a central location for the largest population of testing and measurement experts in the United States. NASBA serves the needs of the exam candidates for 55 U.S. jurisdictions by maintaining candidate testing information and releases scores to the state boards. Prometric delivers the CPA exam in testing sites located around the world.

The content of the Uniform CPA Examination is developed in an extensive and integrated process. At each step in the process, expertise in various disciplines is applied to ensure that the test materials are accurate and appropriate for use on the CPA Exam.

The Uniform CPA Examination will be offered outside the 55 U.S. jurisdictions for the first time in its history in 2011. Prometric is prepared to deliver the CPA exam in the countries where the exam is scheduled for release (Japan, Bahrain, Kuwait, Lebanon and the United Arab Emirates) where secure testing sites are available.

Mr. Holton, as chair of the Regulatory/Legislative Committee, advised the members that a TH02 has been filed for the proposed fee increase and the proposed regulatory changes are currently being reviewed by DPB.

Chairman Dickerson and Dr. Broome provided an overview of the NASBA Annual Meeting. Mr. Dickerson reported that overall the meeting was informative and included impressive presentations. He also attended a special breakfast held by NASBA's Center for Public Trust. Several boards of accountancy were not in attendance due to state budget cuts and travel restrictions.

Dr. Broome reported that NASBA Chairman Billy Atkinson advised that the exam administration agreement between NASBA, AICPA, and Prometric has been extended until 2024. He reported that during a breakout session led by Donnie Burkett state boards were informed to be prepared in the event of lengthy lawsuits and enforcement cases. Alabama and South Carolina boards are currently dealing with costly enforcement cases. Additionally, Alabama has received numerous requests from the Department of Health and Human Services for information regarding CPAs. Virginia has not received any requests at this time.

Mr. Jewell provided NASBA Committee Updates. Former board member William Hunt previously applied for a position on a NASBA committee and has been approved. Mr. Jewell asked members to provide him a list of any NASBA Committees on which they hold a seat. Mr. Dickerson stated that he is on the NASBA Enforcement Committee and is an alternate for the Directors Regional Nomination Committee.

In the absence of the Communications Chair Dian Calderone, Mr. Jewell provided an update on the Communications Committee's activities. Ms. Calderone is working with Mr. Jewell to forward a second request to colleges/universities for liaisons. Mr. Jewell will send the liaisons copies of the new regulations. Mr. Jewell is currently speaking with Christopher Newport University, William & Mary, and Old Dominion University regarding the scheduling of a future board meeting.

EXECUTIVE DIRECTORS REPORT

Mr. Jewell presented general updates regarding the VBOA.

- Mr. Jewell continues to attend the Governor's Commission on Reform and Restructuring meetings. The second report is due to be released December 1. He received a request for budgetary and statistical information from the Department of Planning and Budget regarding the VBOA (sent to all Executive Branch agencies). Mr. Jewell submitted the agency response prior to the deadline.
- NASBA's Accountancy Licensing Database (ALD) is up and running. VBOA staff has received login information for access the ALD.
- The VBOA's annual APA audit introductory meeting will be facilitated by April Gunn, CPA, Director, Auditor of Public Accounts and Zach Borgerding, Audit-In-Charge, Auditor of Public Accounts. They are tentatively scheduled to attend the January meeting.
- Pam Kamalakkannan has completed the financial statements. Mr. Jewell will forward electronic copies to the members for comment after he completes his review.
- Mr. Jewell advised the members that the VBOA has recently encountered some issues regarding CPE sponsors advertising false and misleading information. In recent months a board member received an advertisement from a CPE sponsors indicating that their courses are VBOA "approved." During a compliance review Ms. Gilliam uncovered a CPE sponsor offering the Virginia ethics course after January 31 for the previous year. Ms. Gilliam has followed up on both occurrences to ensure that the CPE sponsors addressed the VBOA's request to update their web pages and refrain from advertising false claims.
- Mr. Jewell has received approval to attend the NASBA Executive Directors Conference in March 2011.
- Lisa Carson will join the VBOA staff as the Communications/Training Director on December 10. The Deputy Director position has closed and Mr. Jewell is working with DHRM to select candidates for interview. The Executive Assistant resigned effective immediately last week. Mr. Jewell will begin the recruitment process for the part-time position in coming weeks.

Mr. Jewell provided copies of the October Financial and Board Reports for board member review. In addition, he provided a copy of the Biennial Report previously submitted to the Governor and the General Assembly.

Chairman Dickerson recognized the VSCPA for their annual A & A Conference. In addition, he recognized Steve Holton for his outstanding presentation at the conference.

RECESS FOR BOARD LUNCH

RECONVENE

Chairman Dickerson recognized and thanked Ms. Rigdon for her outstanding service to the VBOA. Ms. Rigdon advised the members that it has been a pleasure to work with the VBOA members and staff. Marjorie McGregor has replaced Ms. Rigdon as the VBOA Human Resources representative at this time.

BEGIN CLOSED MEETING

Upon a motion by Dr. Broome, and duly seconded, the members approved by unanimous vote that the meeting be recessed and the VBOA immediately reconvene in closed meeting to consult with legal counsel on issues relating to possible litigation, a matter lawfully exempted from open meeting requirements within the jurisdiction of the VBOA as permitted by § 2.2-3711.A.7 of the *Code of Virginia*. The following non-members were in attendance to reasonably aid the consideration of the topic: Jean Grant, Enforcement Manager, Joshua Lief, Senior Assistant Attorney General, Dreana Gilliam, Board Administrator and Wade A. Jewell, Executive Director.

The members voting “**AYE**” were Mr. Dickerson, Mr. Samuel, Ms. Kilmer, Mr. Holton, and Dr. Broome.

END CLOSED MEETING

Upon a motion by Dr. Broome, and duly seconded, the VBOA 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 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:

Dian T. Calderone, MTX, CPA – Absent
O. Whitfield Broome, Ph.D., CPA – Aye
Lawrence D. Samuel, CPA – Aye
Tyrone E. Dickerson, CPA – Aye
Stephen D. Holton, CPA – Aye
Regina P. Brayboy, MPA, MBA – Absent
Andrea M. Kilmer, CPA, CFF – Aye

VOTE

AYES: Five (5)
NAYS: None.

No actions were taken as a result of the closed meeting.

BEGIN CLOSED MEETING

Upon a motion by Dr. Broome, and duly seconded, the members approved by unanimous vote that the meeting be recessed and the VBOA immediately reconvene in closed meeting to discuss and consider a disciplinary matter relating to enforcement cases 2010-U007 and 2010-D009, matters lawfully exempted from open meeting requirements within the jurisdiction of the VBOA as permitted by § 2.2-3711.A.27 of the *Code of Virginia*. The following non-members were in attendance to reasonably aid the consideration of the topic: Jean Grant, Enforcement Manager, Joshua Lief, Senior Assistant Attorney General, and Wade A. Jewell, Executive Director.

END CLOSED MEETING

Upon a motion by Dr. Broome, and duly seconded, the VBOA 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 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:

Dian T. Calderone, MTX, CPA – Absent
O. Whitfield Broome, Ph.D., CPA – Aye
Lawrence D. Samuel, CPA – Aye
Tyrone E. Dickerson, CPA – Aye
Stephen D. Holton, CPA – Aye
Regina P. Brayboy, MPA, MBA – Absent
Andrea M. Kilmer, CPA, CFF – Aye

VOTE

AYES: Five (5)
NAYS: None.

The following actions were taken as a result of the closed meeting:

In the matter of Case #2010-U007 (Fisher), Ms. Fisher was not present nor represented by counsel.

Upon a motion by Mr. Samuel and duly seconded, the board by unanimous vote accepted the recommendations of the presiding officer requiring Ms. Fisher to submit a written essay and pay a monetary fee to satisfy the terms and conditions of the Consent Order.

CALL FOR VOTE:

Dian T. Calderone, MTX, CPA – Absent
O. Whitfield Broome, Ph.D., CPA – Aye
Lawrence D. Samuel, CPA – Aye
Tyrone E. Dickerson, CPA – Aye
Stephen D. Holton, CPA – Aye
Regina P. Brayboy, MPA, MBA – Absent
Andrea M. Kilmer, CPA, CFF – Aye

VOTE

AYES: Five (5)
NAYS: None.

In the matter of Case #2010-D009 (Miller), Mr. Miller was not present nor represented by counsel.

Upon a motion, Mr. Samuel and duly seconded, the board by unanimous vote accepted the recommendations of the presiding officer requiring Mr. Miller to submit copies of Federal and State Tax transcripts, obtain ten additional hours of continuing professional education credits, and pay a monetary penalty to satisfy the terms and conditions of the Consent Order.

CALL FOR VOTE:

Dian T. Calderone, MTX, CPA – Absent
O. Whitfield Broome, Ph.D., CPA – Aye
Lawrence D. Samuel, CPA – Aye
Tyrone E. Dickerson, CPA – Aye
Stephen D. Holton, CPA – Aye
Regina P. Brayboy, MPA, MBA – Absent
Andrea M. Kilmer, CPA, CFF – Aye

VOTE

AYES: Five (5)

NAYS: None.

ADDITIONAL ITEMS FOR DISCUSSION

The Wednesday, December 15, 2010 board meeting has been **CANCELLED**.

Mr. Jewell currently in discussion with representatives of William & Mary, Old Dominion University, and Christopher Newport University regarding holding a VBOA meeting on campus. The January 12 meeting was tentatively rescheduled to January 27 to ensure student participation and provided that suitable meeting space on a college/university campus is available. Mr. Jewell asked the members to mark their calendars for both January dates and once confirmed a notification will be sent.

FUTURE MEETING DATES

Wednesday, January 12, 2011 – 10:00 a.m./Board Room #2 or Thursday, January 27, 2011 – TBD.

CONFLICT OF INTEREST FORMS/TRAVEL EXPENSE VOUCHERS

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

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Mr. Dickerson and duly seconded, the meeting was adjourned by unanimous vote at 2:44 p.m. The members voting “**AYE**” were Mr. Dickerson, Mr. Samuel, Ms. Kilmer, Mr. Holton, and Dr. Broome.

APPROVED:

Tyrone E. Dickerson, CPA, Chairman

COPY TESTE:

Wade A. Jewell, Executive Director