

**The Virginia Board of Accountancy Annual Planning Meeting**

- Date and Location:** May 21, 2013 at 9960 Mayland Drive – 2<sup>nd</sup> Floor  
Conference Center/Training Room #1 (A-C),  
Henrico, Virginia 23233.
- Board members present:** Tyrone E. Dickerson, CPA, Chairman  
Andrea M. Kilmer, CPA, CFF, Vice-Chair  
Stephanie Saunders, CPA, Board Member  
W. Barclay Bradshaw, CPA, Board Member  
Robert J. Cochran, Ph.D., CPA, Board Member  
Marc Moyers, CPA, Board Member
- Board staff present:** Wade A. Jewell, Executive Director  
Chantal K. Scifres, Deputy Director  
Mary T. Charity, Director of Operations  
Dreana L. Gilliam, Board Administrator  
Jean Grant, Enforcement Manager
- Legal Counsel present  
for a portion of the  
meeting:** Joshua Lief, Senior Assistant Attorney General
- Board staff present for a  
portion of the meeting:** Valeria S. Ribeiro-Quimpo, Fiscal & Procurement  
Coordinator  
Patti Hambright, Licensing/Examinations Coordinator  
Nicholas R. Tazza, Licensing/Examinations Coordinator  
Krystal D. Hambright, Executive Assistant
- Others present:** Emily Walker, Government Affairs Director, Virginia  
Society of Certified Public Accountants  
Darshae Dabney, Peer Review Administrator, Virginia  
Society of Certified Public Accountants  
Amy Parker, Vice President, Virginia Society of Certified  
Public Accountants

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Chairman Dickerson called the meeting to order at 9:10 a.m. in Training Room #1 (A-C) of the Perimeter Center. Ms. Gilliam provided the emergency evacuation procedures and Chairman Dickerson made the declaration of a quorum.

### **APPROVAL OF AGENDA**

Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the May 21, 2013 agenda as presented. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.

### **APPROVAL OF MEETING MINUTES**

Upon a motion by Mr. Bradshaw and duly seconded, the members voted unanimously to approve the April 25, 2013 meeting minutes. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.

### **PUBLIC COMMENT PERIOD**

Although members of the public were present, no comments were made at this time.

### **STAFF RECOGNITION**

Mr. Jewell took this opportunity to publically thank the staff for their commitment to teamwork, hard work and dedication to the VBOA mission. On behalf of the full board Chairman Dickerson thanked the staff for their phenomenal accomplishments.

### **OPENING REMARKS**

Mr. Dickerson advised the attendees that the annual planning meeting is less formal than a typical Board meeting, as in years past. He then turned the meeting over to Ms. Kilmer, Vice-Chair.

### **TOPICS OF DISCUSSION**

#### **CPE Audit & Deficiencies**

Mr. Jewell led the discussion regarding violations of the CPE requirements (self-reported and as a result of a CPE compliance review) and subsequent disciplinary actions. Copies of the internal guidelines used to determine CPE violations were reviewed.

Ms. Charity provided a summary of the CY2012 and 2013 year-to-date CPE violations. In calendar year 2012, 50 Consent Orders were issued, 35 of the Orders were Virginia-specific ethics only violations, and 5 deficiencies resulted in suspension of licensure. For calendar year 2013, 50 Consent Orders have been issued year-to-date, 34 have been Virginia-specific ethics only violations, and 5 deficiencies have resulted in suspension of licensure.

Ms. Charity provided an overview of the CPE deficiencies which resulted in suspension of licensure. Mr. Jewell advised the members that all suspensions are reviewed by him before the Order is forwarded to the licensee. The members also discussed publication of licensure suspension resulting from CPE deficiencies. Following a discussion it was

determined that going forward staff would track licensees for second offenses to the extent possible with the current system.

The members reviewed the December 21, 2012 and April 24, 2013 correspondence received from the Virginia Society of Certified Public Accountants (VSCPA) regarding the Board's current guidelines for CPE deficiencies (penalties) and the need to fully evaluate the current CPE model by taking a broader, more comprehensive look at the requirements for CPE compliance.

Upon a motion by Mr. Bradshaw and duly seconded, the members voted unanimously to amend the CPE violation internal guideline sanctions for second and subsequent offenses for deficiencies less than 10 hours in a 3 year reporting cycle by striking the words "suspension of license for one year" and "must come before the board prior to reinstatement", and by adding verbiage to include "must make up deficient CPE (for each year of reporting cycle) within 60 days (does not count toward current year requirement." The members voting "AYE" were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.

After some discussion regarding the VSCPA's request to the Board to take a broader, more comprehensive look at CPE requirements, Mr. Jewell and Dr. Cochran will work with the VSCPA to evaluate the current CPE model.

Mr. Jewell led the discussion regarding enhancement to the audit process. Currently the staff audits 3% of licensees. Going forward, once the new CPE coordinator position is hired, the plan is to increase the audit pool to include a 5% detailed audit which includes certificates of completion and a 5% summary audit. Following a discussion, it was determined that the audit process should remain random versus auditing all licensees over a specified period of time. In addition, it was agreed upon that failure to meet the terms and conditions of a Consent Order or Board Order would result in the automatic suspension of licensure.

Mr. Jewell led the discussion regarding the annual two hours of Virginia-specific ethics requirement. In its current format the outline focuses primarily on information regarding statutory and regulatory changes. As a representative of the VSCPA and as a follow up to the correspondence dated April 24, 2013, Ms. Walker suggested now is an excellent opportunity to evolve the CPE Ethics requirement into something more meaningful. The regulatory/statutory component has proved to be an important factor in ensuring protection of the public; however, the adoption of newer, more effective teaching practices will assist in achieving higher-level learning objectives. She noted although there have been expressed concerns regarding the issue of "approved providers", a precedent has already been set by requiring the AICPA Ethics Exam and enrollment in the AICPA Peer Review program. Following a discussion it was determined that Ms. Saunders, Mr. Jewell and the Ethics Committee will meet with VSCPA representatives to discuss the 2014 Virginia-specific ethics outline. Going forward Mr. Jewell plans to incorporate a teaching method into a new database's renewal process that enhances

knowledge of the CPE requirements and statutory/regulatory changes necessary for maintaining/renewing licensure.

### **Enforcement Processes**

Ms. Kilmer led the discussion regarding the Enforcement process. Once a complaint is received by VBOA staff it is reviewed by the Enforcement Manager. If probable cause exists to initiate an investigation, the complaint is assigned a case number and the investigation process begins. Depending upon the type of complaint and/or violation of statute or regulation, the case may be administered by VBOA staff or referred to the Board's Enforcement Committee for resolution. If sanctions are deemed appropriate, a potential resolution of the complaint is proposed in writing to the CPA, CPA firm or unlicensed individual in the form of a consent order (order). Ms. Kilmer recommended revision of the process, to include the Board taking a “block vote” approach to approving consent orders (while allowing a Board member to “remove” a consent order from a block vote if desired). Following a discussion it was determined that Legal Counsel and Mr. Jewell work together to develop a procedure to expedite the consent order process.

Ms. Kilmer led the discussion regarding the rotation of Board members on the Enforcement Committee throughout the year. Following a discussion it was determined that the VBOA continues to be fortunate in having a readily available pool of highly experienced subject matter experts (SME's) to address enforcement issues as they arise. Members of the Board will serve as needed.

Mr. Jewell led the discussion regarding referrals of unlicensed activity. When an individual is found to be in violation of unlicensed activity the Enforcement Manager notifies the Internal Revenue Service (IRS). Additionally, Boards of Accountancy, Bar Associations, and other organizations are notified if relevant to the case.

Mr. Jewell led the discussion regarding the records retention schedule for enforcement documentation. Mr. Lief will research the general records retention schedule requirements and report his findings at the June 20<sup>th</sup> meeting. The Board currently maintains complete case files for 10 years; staff would prefer to maintain them for a total of 7 years.

### **RECESS FOR BOARD LUNCH**

### **RECONVENE**

### **TOPICS OF DISCUSSION, continued**

#### **2014 Legislative Agenda**

Ms. Walker led the discussion regarding two legislative bills that could potentially affect the VBOA. The AICPA's Forensic and Valuation Section believes CPAs may be performing tasks that require they obtain a private investigator's license. This topic was broached in the last legislative session and will continue to be closely monitored by Mr.

Jewell and Ms. Walker. The second bill relates to a section of the statute referencing agreed upon procedures that must be performed by a Virginia CPA. Both legislative issues have been put forth by other agencies which may not depend on the VBOA requirements. Mr. Jewell and Ms. Walker will also monitor this topic to ensure integrity of the law.

Mr. Jewell also led the discussion regarding the proposed legislative changes submitted for the 2013 General Assembly session. He submitted a total of three legislative proposals, with the statute of limitations bill approved. The following recommendations were denied: 1) Mandatory enrollment in the AICPA Facilitated State Board Access (FSBA) Program, and 2) Summary Suspension of licensure. The VSCPA previously expressed some concerns regarding the temporary suspension of licensure proposed process. Per Mr. Jewell, the VBOA already has the capability to address an egregious act in a short time period, which may result in suspension. Mr. Jewell recommended proceeding with the FSBA proposal, but not the summary suspension legislation this year.

### **Board Processes/Procedures/Policies**

Ms. Kilmer led the discussion regarding the performance of background checks on licensees. Following a discussion it was determined that Mr. Lief would research the legality of the issue and report his findings at the June 20<sup>th</sup> meeting.

Mr. Jewell led the discussion regarding repeat exam takers. Mr. Jewell provided an overview of the NASBA multi-test taker report for the fourth quarter. Following considerable discussion, Mr. Jewell will draft policy language to be taken into consideration for presentation at the June 20<sup>th</sup> meeting.

Mr. Jewell led the discussion regarding the current renewal practice of allowing licensees to renew their license 40 days in advance of their expiration date. Following a discussion it was determined that the Board will allow licensees to renew their license 90 days prior to expiration (pending the ability to modify the system).

Mr. Jewell led the discussion regarding 4 in 10 language regarding licensure. If an individual has been practicing 4 consecutive out of the last 10 years and licensed in a non-substantially equivalent state some boards of accountancy will issue licenses based on experience. Following a discussion it was determined that the VBOA will handle 4 in 10 requests (or licensure requirements for individuals from a non-substantially equivalent state with significant experience) on a case by case basis.

### **Review of Existing Policies**

Following the review and discussion of all existing policies the following determination was made:

- Board Policy #4 – CPE Guidelines - Mr. Jewell will present revised verbiage at the June 20<sup>th</sup> meeting that reflects specific CPE approved by the Board that is relevant to passing specific exams.
- Board Policy #5 – Publication of Board Disciplinary Action - Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to delete “only” from the second sentence under the Policy Statement. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders.
- Board Policy #7 – Peer Review Oversight Committee (PROC) - Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to a revise the verbiage in Section III that will also prohibit VSCPA Board members and AICPA Peer Review Board members from serving on the PROC. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Dr. Cochran and Ms. Saunders. Mr. Jewell will also work with Mr. Moyers to update the policy to reflect the number of terms, length of terms, rotation, etc. of PROC members.

### **Licensee Statuses**

Mr. Jewell led the discussion regarding licensee statuses. Following a discussion it was determined that use of an “Expired-Late Renewal” status causes confusion among regulants and the public. Mr. Jewell will work to incorporate an “Active - Renewal Fee Delinquent” status in lieu of “Expired-Late Renewal”.

Ms. Kilmer referred to Ms. Walker regarding the VSCPA recommendation for implementing an inactive and/or retired status. Ms. Walker reported that the VSCPA recommends “CPA-inactive.” Mr. Jewell will research other states with an inactive status, review the UAA’s inactive status definition and will report his findings at the June 20<sup>th</sup> meeting. The VSCPA also recommends that the Board allow for a catch-up period for CPA’s going from an “inactive” to “active” status. Mr. Jewell will also research what other states are doing in this area.

### **Board Administration**

Mr. Dickerson led the discussion regarding the VBOA process for selecting/electing Board officers. He provided a historical overview of the succession plan of the last eight years. The process has been a combination of both formal and informal activities in which the passing of the gavel (election of new Chairman) occurs at the final meeting of the year. Ms. Kilmer prefers a more formal approach, with Board discussion taking place prior to a Board vote. The FY2014 slate of “officers” will be recommended to the Board by Ms. Kilmer at the June 20<sup>th</sup>, 2013 meeting.

Ms. Walker provided a historical overview of the VSCPA nominations process. The nomination process has been enhanced and will be made available to the general VSCPA

membership. The VSCPA has submitted two names for consideration to fill the 2014 VBOA vacancy as a result of Mr. Dickerson's completion of two, four-year terms.

Ms. Kilmer led the discussion regarding paper versus electronic copies of Board materials. Following a discussion it was determined that the current FY2014 Board members will accept electronic copies in lieu of paper copies of Board materials.

#### **Domain names and email: Use of CPA Title**

Ms. Kilmer led the discussion regarding domain names and email use of the CPA title. Following a discussion it was determined that some internet information may exist without the knowledge of the licensee as they are not initiated or maintained by the individual. However, social networking sites such as Facebook, Twitter, LinkedIn etc. are created and maintained by the individual and should not reference the CPA title if the individual is unlicensed or not in good standing.

Mr. Jewell led the discussion regarding the potential requirement to post license numbers on a firm website. Following a discussion it was determined that the VBOA will not require firm owners to post license numbers on their websites at this time.

#### **Presentations to Colleges/Universities, VSCPA Chapters and Firms**

Mr. Jewell led the discussion and encouraged the members to make themselves available to present at colleges/universities, VSCPA chapters, or other events. Staff plan to become more proactive in making presentations in the future.

#### **Elijah Sells Award**

Mr. Jewell led the discussion regarding the Elijah Sells Award. The awards are presented annually to candidates who have obtained the 10 highest cumulative scores on all four sections of the computerized Uniform CPA Examination. Following a discussion it was determined that information regarding the Virginia recipients of the award will be incorporated into the e-newsletter.

#### **Education**

Dr. Cochran led the discussion regarding the Disclosures article – “The CPA Pipeline: The Supply of Accounting Graduates in Virginia” by Kimberley A. Foreman, CPA and Paul A. Copley, Ph.D., CPA. Dr. Cochran provided an overview of the article and led discussion about it.

Mr. Jewell led the discussion regarding University of Richmond Associate Professor, Joe B. Hoyle's request that the VBOA approve all applicants graduating from The Association to Advance Collegiate Schools of Business (AACSB) accredited schools/accounting programs to sit for the CPA Exam. The AACSB provides internationally recognized, specialized accreditation for business and accounting

programs at the bachelor's, master's, and doctoral level. Following a discussion it was determined that Dr. Cochran will follow up with Professor Hoyle to discuss the requirements for accreditation by the AACSB.

**FUTURE BOARD MEETING**

Thursday, June 20, 2013

**CONFLICT OF INTEREST FORMS/TRAVEL EXPENSE VOUCHERS**

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

**ADJOURNMENT**

Comprehensive discussions in relation to each topic enabled members of the Board to have a clear understanding of the course of action to ensure adherence to the agency's mandate to protect the citizens of the Commonwealth.

Looking forward, the Board remains committed to maintaining a leading position in the regulation of the accounting profession through the development and implementation of innovative changes impacting the examination and licensure of CPAs.

The members adjourned the annual planning meeting at 3:28 p.m.

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**APPROVED:**

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Tyrone E. Dickerson, CPA, Chairman  
Board of Accountancy

**COPY TESTE:**

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Wade A. Jewell, Executive Director