

FINAL/APPROVED for November 6, 2013  
**THE VIRGINIA BOARD OF ACCOUNTANCY**

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The Virginia Board of Accountancy (VBOA) met on Wednesday, November 6, 2013 on the campus of Longwood University, Farmville, Virginia 23909.

**MEMBERS PRESENT:** W. Barclay Bradshaw, CPA, Vice Chair  
Marc B. Moyers, CPA  
Stephanie S. Saunders, CPA  
Robert J. Cochran, Ph.D., CPA  
James M. “Jim” Holland, CPA

**MEMBERS ABSENT:** Andrea M. Kilmer, CPA, CFF, CGMA, Chair  
David A. Brat, Ph.D.

**STAFF PRESENT:** Wade A. Jewell, Executive Director  
Chantal K. Scifres, Deputy Director  
Mary T. Charity, Director of Operations  
Jean Grant, Enforcement Manager  
Nicholas R. Tazza, Assistant Manager, Licensing & Examination  
Krystal Hambright, Administrative Assistant  
Patti Hambright, Licensing and Examination Coordinator

**MEMBERS OF THE PUBLIC PRESENT:** Stephanie Peters, CAE, CEO, Virginia Society of Certified Public Accountants  
Emily Walker, Government Affairs Director, Virginia Society of Certified Public Accountants

### **CALL TO ORDER**

W. Barclay Bradshaw, CPA, Vice Chair called the meeting to order at 9:00 a.m.

### **SECURITY BRIEFING**

Mr. Tazza provided the emergency evacuation procedures.

### **DETERMINATION OF QUORUM**

Mr. Bradshaw determined there was a quorum present.

### **APPROVAL OF AGENDA**

Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the November 6, 2013 agenda as presented. The members voting “**AYE**” were Ms. Saunders, Mr. Moyers, Mr. Bradshaw, Dr. Cochran, and Mr. Holland.

### **APPROVAL OF CONSENT AGENDA AND MINUTES**

Upon a motion by Mr. Moyers and duly seconded, the members voted unanimously to approve the November 6, 2013 consent agenda and October 1, 2013 Board meeting minutes. The members voting

**THE VIRGINIA BOARD OF ACCOUNTANCY**

“**AYE**” were Mr. Moyers, Ms. Saunders, Mr. Bradshaw, Dr. Cochran, and Mr. Holland.

**BEGIN CLOSED MEETING**

Upon a motion by Ms. Saunders, and duly seconded, the members approved by unanimous vote the meeting be recessed and the VBOA immediately reconvene in closed meeting to discuss and consider the status of all open enforcement cases and cases listed on our agenda, a matter 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: Wade A. Jewell, Executive Director, Jean Grant, Enforcement Manager, and Nicholas Tazza, Assistant Manager Licensing and Examination. The members voting “**AYE**” were Mr. Moyers, Ms. Saunders, Mr. Bradshaw, Dr. Cochran, and Mr. Holland.

**END CLOSED MEETING**

Upon a motion by Ms. Saunders, 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 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  
Jim Holland, CPA – Aye  
Robert Cochran, Ph.D., CPA – Aye  
Marc Moyers, CPA – Aye  
Stephanie Saunders, CPA – Aye

**VOTE**

AYES: Five (5)  
NAYS: None.

Mr. Bradshaw called for a recess at 9:50 a.m.

**CALL TO ORDER**

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

**SECURITY BRIEFING**

Mr. Tazza provided the emergency evacuation procedures.

## **WELCOME AND INTRODUCTIONS**

Mr. Bradshaw welcomed the staff and student body from Longwood University and thanked them for their hospitality. Mr. Bradshaw requested the Board members and Board staff introduce themselves and give a brief bio, after which Mr. Bradshaw acknowledged the absence of Andrea M. Kilmer, CPA, CFF, CGMA, Chair, and David A. Brat, Ph.D.

## **RE-APPROVAL OF AGENDA**

For the benefit of the audience, the Board re-approved the agenda. Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the November 6, 2013 agenda as presented. The members voting “**AYE**” were Ms. Saunders, Mr. Moyers, Mr. Bradshaw, Dr. Cochran, and Mr. Holland.

## **WELCOME FROM LONGWOOD UNIVERSITY**

Dr. Cochran extended a thank you from the Board to Longwood University for hosting the Board meeting, and introduced the President of Longwood University, W. Taylor Reveley IV. Mr. Reveley shared his gratitude to the Board, the CPA profession, and the learning opportunity provided by hosting such a meeting. Mr. Reveley spoke of Longwood’s history in Virginia. Paul T. Barrett, CPA, Dean of the College of Business and Economics at Longwood University, also welcomed the Board, and thanked the Board for the opportunity to host the November 6 meeting.

## **PUBLIC COMMENT PERIOD**

Mr. Bradshaw invited Ms. Peters and Ms. Walker from the VSCPA to introduce themselves and give a brief background on their function as a professional organization within the CPA community. Ms. Peters explained the difference between the VSCPA and the VBOA, and shared information regarding the student outreach program the VSCPA offers.

## **RE-APPROVAL OF CONSENT AGENDA AND MINUTES; ENFORCEMENT READINGS**

Mr. Bradshaw explained to the students in attendance what a consent agenda is, and the importance of the role enforcement plays in board operations. The consent agenda was unanimously re-approved on a motion by Dr. Cochran and duly seconded. The members voting “**AYE**” were Ms. Saunders, Mr. Moyers, Mr. Bradshaw, Dr. Cochran, and Mr. Holland.

Mr. Bradshaw explained to the audience the difference between Board Orders and Consent Orders. After the explanation was given, Dr. Cochran, Mr. Holland, Mr. Moyers, and Ms. Saunders each read the findings of fact and board recommendations for each Board Order discussed in closed session. At the conclusion of reading the board recommended actions for their assigned case, motions for approval of the recommended actions were heard by each reading member. The motions and votes occurred in the following order:

- Mr. Holland moved to approve the recommended board actions for Mr. Coston’s case, 2013-D0010, with the following amendments: Under Recommended Findings of Fact – Count IV, remove the wording “by failing to report his disbarment” and add “for being disbarred”. Under Recommended Actions, remove the wording “failing to report”. The motion was duly seconded, and then the recommended board actions were unanimously approved. The members voting “**AYE**” were Mr. Moyers, Dr. Cochran, and Mr. Holland.

**THE VIRGINIA BOARD OF ACCOUNTANCY**

Mr. Bradshaw and Ms. Saunders were absent from the closed meeting discussion and did not vote.

**CALL FOR VOTE:**

W. Barclay Bradshaw, CPA – Abstain  
Stephanie S. Saunders, CPA – Abstain  
Robert J. Cochran, Ph.D., CPA – Aye  
Marc B. Moyers, CPA – Aye  
James M. “Jim” Holland, CPA – Aye

**VOTE:**

AYES: Three (3)  
NAYS: None

- Dr. Cochran moved to approve the recommended board actions for Ms. Bristow’s case, 2013-E0004, as written. The motion was duly seconded, and then unanimously approved. The members voting “**AYE**” were Ms. Saunders, Mr. Moyers, Mr. Bradshaw, Dr. Cochran, and Mr. Holland.

**CALL FOR VOTE:**

W. Barclay Bradshaw, CPA – Aye  
Stephanie S. Saunders, CPA – Aye  
Robert J. Cochran, Ph.D., CPA – Aye  
Marc B. Moyers, CPA – Aye  
James M. “Jim” Holland, CPA – Aye

**VOTE:**

AYES: Five (5)  
NAYS: None

- Mr. Moyers moved to approve the recommended board actions for Ms. Newsome’s case, 2013-E0006, as written. The motion was duly seconded, and then unanimously approved. The members voting “**AYE**” were Ms. Saunders, Mr. Moyers, Mr. Bradshaw, Dr. Cochran, and Mr. Holland.

**CALL FOR VOTE:**

W. Barclay Bradshaw, CPA – Aye  
Stephanie S. Saunders, CPA – Aye  
Robert J. Cochran, Ph.D., CPA – Aye  
Marc B. Moyers, CPA – Aye  
James M. “Jim” Holland, CPA – Aye

**VOTE:**

AYES: Five (5)  
NAYS: None

- Ms. Saunders moved to approve the recommended board actions for Ms. Song’s case, 2013-E0005, as written. The motion was duly seconded, and then unanimously approved. The members voting “**AYE**” were Ms. Saunders, Mr. Moyers, Mr. Bradshaw, Dr. Cochran, and Mr. Holland.

**THE VIRGINIA BOARD OF ACCOUNTANCY**

**CALL FOR VOTE:**

W. Barclay Bradshaw, CPA – Aye  
Stephanie S. Saunders, CPA – Aye  
Robert J. Cochran, Ph.D., CPA – Aye  
Marc B. Moyers, CPA – Aye  
James M. “Jim” Holland, CPA – Aye

**VOTE:**

AYES: Five (5)  
NAYS: None

Dr. Cochran, Mr. Holland, Mr. Moyers, and Ms. Saunders each read the conclusion and sanctions of one of the four consent orders approved in the consent agenda. Mr. Bradshaw shared the Board’s reasoning for the sanctions in each case, and at the conclusion of the readings asked for questions from the students in attendance. Hearing none, Mr. Bradshaw requested reports from the Board liaisons, members who sit on committees, and explained the important role committees play in informing and influencing the Boards maturation.

**COMMITTEE UPDATES**

**NASBA ANNUAL MEETING**

Ms. Saunders was the Board’s representative at NASBA’s annual meeting held in Maui, Hawaii, from October 27-30, 2013. She shared with the audience each speaker and their respective topic heard over the three-day meeting. In particular, she gained considerable insight from presentations by Dr. Karen Pincus on the Pathways Commission and other education initiatives, and a presentation on the CPA Exam of the future. Ms. Saunders shared that during a NASBA regional breakfast meeting she was informed of South Carolina’s Boards legal battle over insurance coverage in regards to their Board members not having “Dormant Commerce Coverage”, and urged the Board to confirm that its own legal standing is solid. She shared a few best practices from D.C.’s BOA, and indicated North Carolina’s Board was now using the IRS’s PTIN list to compare and contrast against their own list of licensed CPAs. She shared NASBA’s interest in expanding firm mobility and their promise not to “push” it on all states, as well as an interest in the Board being a liaison for NASBA’s Center for Public Trust “CPT” program on college campuses in Virginia. Mr. Jewell indicated that he had previously reached out to the CPT’s President, Alfonzo D. Alexander, on several occasions and will follow up once again.

Mr. Bradshaw requested that Ms. Peters, who also attended the NASBA annual meeting, share her thoughts on the meeting. Ms. Peters noted she was impressed with the content of the meeting, and suggested that the VBOA continue to send a representative to future NASBA annual meetings. Ms. Saunders and Ms. Peters agreed there were approximately 400 in attendance at the meeting.

**BOARD EFFECTIVENESS AND LEGISLATIVE SUPPORT COMMITTEE [BELS]**

In Ms. Kilmer’s absence, Mr. Jewell shared there were no real updates from the BELS Committee; however, he explained the committees charge and Ms. Kilmer’s standing in the committee. He noted that the BELS Committee recently released a survey on board effectiveness to a select number of Boards and followed up with a conference call. Mr. Jewell discussed in the call that although Boards typically use statistics to determine effectiveness, he believes Boards should also produce summary documents of key, major processes of their respective Boards and make it available to all Boards for comparison.

**THE VIRGINIA BOARD OF ACCOUNTANCY**

**ACCOUNTANCY LICENSEE DATABASE/CPAverify COMMITTEE [ALD]**

Mr. Jewell explained the ALD Committee's conception and purpose to the students in attendance. He noted that currently 50 out of 55 jurisdictions submit basic licensing data to the ALD database; however, not all jurisdictions are reporting enforcement data. Mr. Jewell stated that although the VBOA wants to submit enforcement data, its current IT platform does not allow for submission of enforcement data. In conclusion he shared some highlights from the ALD Committee's last tele-meeting that included the expansion of the database to all jurisdictions, acceptance of federal referrals for possible enforcement action, and the tracking of peer review results of firms. Mr. Jewell also explained the difference between the ALD (state board access only) and CPAverify (public version). Mr. Jewell asked for questions from the audience; hearing none, he continued his report on the Executive Directors Committee.

**EXECUTIVE DIRECTOR'S COMMITTEE [ED]**

Mr. Jewell explained the ED Committee's conception and purpose to the students in attendance. He noted that the committee had recently had a tele meeting, and has begun developing the agenda for the 2014 NASBA ED Conference scheduled for March 2-5 in Savannah, GA. Additional agenda topics will be gleaned from NASBA's Annual Meeting.

**NASBA COMMITTEE APPOINTMENTS**

Mr. Jewell explained to the students in attendance the many committee opportunities NASBA affords, and the process for committee placements. He shared the VBOA's current appointments on NASBA Committees: Wade Jewell, re-appointed to the ED and ALD Committees, Dr. Cochran, appointed to the Education Committee, and Ms. Saunders, appointed to the Communications Committee. Mr. Moyers and Ms. Kilmer are both awaiting their appointments. Mr. Jewell also conveyed that former Board member and Chair Tyrone Dickerson had been appointed as the Middle Atlantic Regional Director, and Chair of the Diversity Task Force.

**EXECUTIVE DIRECTOR'S REPORT**

Mr. Jewell presented general updates regarding the VBOA.

- Mr. Jewell provided an update on the delayed implementation of the re-examination fee. He indicated the IT Team is in the testing stage. The hope is to have the new fee implemented by January 1, 2014.
- Mr. Jewell discussed the implementation and importance of quarterly meetings between the VSCPA and himself. The most recent meeting was held on October 8, 2013, and was very informative and helpful.
- For the benefit of the students in the audience, Mr. Jewell explained the Governor's initiative to raise money and food donations for the Central Virginia Food Bank, nicknamed the "Governor's Bowl", and announced the Board had won the challenge for the second year in a row. Mr. Jewell accepted the "bowl" on October 21, 2013.
- Mr. Jewell gave a status update on the Facilitated State Board Access (FSBA) legislation submitted by the VBOA to require firms to enroll in the automated system as a component of obtaining firm licensure.
- Mr. Jewell announced the vacant fiscal/procurement and CPE positions at the VBOA have been filled. The new employees will begin on November 12, 2013.
- Mr. Jewell indicated the completed VBOA financial statements for FY13 will be presented to the Board at the January 28, 2014 meeting, and the impending APA Audit will immediately follow.

**THE VIRGINIA BOARD OF ACCOUNTANCY**

Upon questions from Mr. Bradshaw, Mr. Jewell reported that completion of the RFP for the purchase of a new database system has been temporarily placed on hold due to staff turnover and office renovations. At the request of Mr. Bradshaw, Mr. Jewell provided an update on the office renovations.

At the request of Mr. Jewell, Ms. Charity provided an overview of the exam contents of the CAIA (Chartered Alternative Investment Analyst) designation in comparison to the previously approved CFA (Chartered Financial Analyst) and CMA (Certified Management Accountant) examinations for the purpose of receiving CPE credit. Ms. Charity recommended that 25 CPE be allowed for each completed part of the CAIA Examination, also sharing that there was an agreement by Drs. Cochran and Brat that 25 CPE was an appropriate amount. Mr. Bradshaw noted that although he felt the amount was higher than he had expected, he would defer to the educators and Board staff. Dr. Cochran motioned for approval of 25 CPE for each completed part of the CAIA exam, also consistent with previously approved exam requests. The motion was duly seconded, and unanimously approved by the Board. The members voting “**AYE**” were Ms. Saunders, Mr. Moyers, Mr. Bradshaw, Dr. Cochran, and Mr. Holland.

Ms. Scifres led the discussion on the Board’s current financial report. Ms. Scifres asked if there were any questions from the Board. Ms. Saunders questioned whether the Board’s revenue since the fee increase is in line with the projected revenue. Mr. Jewell indicated that staff would do an analysis; however, due to lower than expected numbers of out of state CPA’s voluntarily surrendering their licenses (the number of out of state licensees is actually increasing), revenue is expected to be higher than projected. Mr. Jewell explained the difference and the need for the operating and trust funds of the VBOA. He also explained to the audience the need for the fee increase that went into effect on January 1, 2013.

Mr. Jewell explained the VBOA’s Board Report and the importance/reasoning for each category listed. Upon reaching the “Fines levied/collected/receivable” category, Mr. Jewell explained the fine collection process, and noted that the VBOA does not keep the fines levied and collected, but rather transfers all collected fines to the Virginia State Literary Fund. Mr. Bradshaw noted that although the fines might seem high, they have actually dropped from previous levels.

**RECESS FOR BOARD LUNCH**

The Board recessed for lunch at 11:50 a.m.

**RECONVENE**

The Board reconvened at 1:15 p.m.

**BOARD DISCUSSION TOPICS**

**VIRGINIA SPECIFIC ETHICS COURSE UPDATE**

Ms. Saunders led the discussion regarding the Virginia-specific ethics course. She gave a brief background on the conception of the course, and the Virginia Ethics Committee charged with creating the outline used by providers of the course. She shared the importance/role the course plays in informing the population of Virginia licensed CPAs. In her update from the committee, she noted the following topics concerning the future of the Virginia-specific Ethics course were being “tabled” for future discussion: the possibility of a specific provider(s), and including a course as a part of the renewal process.



**THE VIRGINIA BOARD OF ACCOUNTANCY**

Ms. Saunders informed the Board that she and Board staff were very close to posting the 2014 Virginia-specific Ethics outline to the Boards website. It is anticipated that this will be done prior to November 30, 2013.

**POTENTIAL INACTIVE (OR SIMILAR) STATUS FOR LICENSEES**

Mr. Bradshaw led the discussion on the possibility of allowing an “inactive” (or similar) status for current Virginia licensees for the sole purpose of identifying licensees who are exempt from the Board’s CPE requirements. He summarized a letter written by James M. Shepherd, CPA, Chair of the VSCPA, which urged the Board to clarify its current position on “inactive” CPAs by taking the following actions:

- Require licensed CPAs who are eligible for AND take advantage of the CPE exemption to place the word “inactive” adjacent to their CPA title except on their CPA certificate;
- Clearly define which CPAs are eligible for “inactive” status;
- Indicate all CPA licenses with “inactive” status on the VBOA website; and
- Continue to require CPAs with “inactive” status to comply with re-entry requirements to become “active.”

Mr. Bradshaw then shared past Board member’s opinions as well as other applicable organizations’ stance on an “inactive status”. Mr. Bradshaw referenced 18VAC5-22-90.D. of the Board’s Regulations which contains the current CPE exemption for licensees who meet the required criteria, and defined “providing services to the public” and “providing services to an employer” per the current Virginia statutes (definitions). For reference and consideration, Mr. Bradshaw shared how the neighboring state of North Carolina handles the “inactive” status. Mr. Bradshaw then discussed a proposal to the Board of a proactive approach to informing the public of a licensee’s CPE exemption status. He shared that the licensee would have to apply for and subsequently be approved in order to be exempt from CPE requirements. Once approved, the licensee’s status would be changed from “Active” to “Active\*”. The asterisk would then be defined to explain the CPE exemption status on the website for the public’s benefit.

Further Board discussion was held on the proposal with questions surfacing on the practicality of reviewing and approving these applications with current staff. Mr. Moyers questioned and requested further clarity on why the CPE exemption was left in the rewritten statutes/regulations. Ms. Walker from the VSCPA provided a brief background on the conditions of the statutes/regulations rewrite that led to the exemption being included in the new statutes/regulations. A student in attendance asked what the process would be for becoming inactive. Mr. Bradshaw indicated that first a decision must be made by the full Board on whether they are going to institute an “inactive” or similar status; the next step would be to establish the proper procedures for a new status which would most likely include an application and approval process for the new status.

Mr. Moyers asked the Board what could be done with regards to employing an “inactive” status under our current statutes/regulations. Ms. Saunders indicated we already have the pieces in place to institute such a status; however, the Board needs to come to a consensus on the definition of “substantial use” of accounting before such a status is instituted. Mr. Jewell stated that he would discuss this issue with the Board’s legal counsel as well. Continued Board discussion occurred; however, it was decided that a decision would be deferred until the December 10<sup>th</sup> Board Meeting in order to give the Board staff time to



**THE VIRGINIA BOARD OF ACCOUNTANCY**

“flush out” a potential application and process, as well as to have Ms. Kilmer, Dr. Brat and legal counsel’s opinions on the matter.

**PEER REVIEW OVERSIGHT COMMITTEE [PROC]**

For the benefit of the students in attendance, Mr. Moyers gave a brief background on the conception and purpose of the PROC Committee. He then requested Mr. Jewell share his experiences from the PROC Summit he attended in July 2013. Mr. Jewell indicated the session he attended was predominantly focused on discussion of the role PROC Committees and/or Boards should play in the review of firms who are given multiple pass with deficiencies and fail reports, as well as best practices of other PROC Committees. Mr. Moyers than shared the highlights from the last PROC meeting on October 18, 2013.

After much discussion by the PROC Committee an agreement was reached that the current peer review process was very effective in fulfilling its remediation obligation. However, a request was made by Mr. Moyers as well as a VSCPA employee for the PROC Committee and/or Board to consider “adding teeth” to the process when trying to reach unresponsive/uncooperative firms.

Mr. Moyers asked for input from the PROC Committee and VSCPA regarding what a trigger point may be for when the Board would step in and look at unresponsive/uncooperative firms and those with multiple pass with deficiencies and fail reports.

The current PROC Committee members recommended that the committee should expand to 5 members in order to appropriately offset current workloads, and a term rotation of 3 years should be established in order to keep fresh prospective on the committee.

The Board as a whole discussed and agreed to the proposed expansion of the committee and new term limit of its members. A revised policy will be presented at the December 10, 2013 meeting.

**FUTURE DISCUSSIONS**

- Inactive or similar Status
- 2015 Virginia-specific Ethics Course (Recommendations from Ethics CPE Committee made at the October 1, 2013 Board Meeting)
- UAA Exposure Draft – Firm Mobility
- Peer Review Oversight Committee (PROC):
  - Committee member terms & numbers
  - Policy on reporting Peer Review results to the VBOA Enforcement Committee
- Renewal date for all licensees
- CPE related issues
- Background checks for licensees
- Scholarships

**Additional Items for Discussion**

Sign Conflict of Interest Forms

Sign Travel Expense Vouchers

Future Meeting Dates:

December 10, 2013

January 28, 2014

FINAL/APPROVED for November 6, 2013  
**THE VIRGINIA BOARD OF ACCOUNTANCY**

**ADJOURNMENT**

There being no further business before the VBOA, upon a motion by Ms. Saunders and duly seconded, the meeting was adjourned by unanimous vote at 2:20 p.m. The members voting “**AYE**” were Mr. Holland, Mr. Bradshaw, Dr. Cochran, Mr. Moyers, and Ms. Saunders.

**APPROVED:**

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W. Barclay Bradshaw, CPA, Vice Chair

**COPY TESTE:**

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Wade A. Jewell, Executive Director