

THE VIRGINIA BOARD OF ACCOUNTANCY

MEETING MINUTES

The Virginia Board of Accountancy (Board) met on Monday, January 9, 2006, in Room 395 of the 3600 West Broad Street Building, Richmond, Virginia 23230.

The following Board members present for the entire meeting were:

Jane M. Little, CPA, Chairman
Stephen D. Holton, CPA, Vice Chairman
O. Whitfield Broome, Ph.D., CPA
Dian T. Calderone, MTX, CPA
Lawrence D. Samuel, CPA
Tyrone E. Dickerson, CPA

The following Board member present for a portion of the meeting was:

Regina P. Brayboy, MPA

The Board staff members present for the entire meeting were:

Nancy Taylor Feldman, Executive Director
Mark D'Amato, Board Administrator

Also in attendance for a portion of the meeting was:

John B. Purcell, Jr., Special Assistant Attorney General

In attendance for a portion of the meeting were:

Mary G. Adkins
Jacob J. Cohen, CPA, Mid-Atlantic Regional Director, NASBA Board of Directors
Erin Collins, Government Affairs Director, Virginia Society of Certified Public Accountants
Ellis M. Dunkum, CPA, Director-at-Large, NASBA Board of Directors

Chairman Little called the meeting to order at 9:03 a.m.

Call to Order

Chairman Little determined that a quorum was present.

**Determination of
Quorum**

Chairman Little noted that Mr. Cohen and Mr. Dunkum would be arriving earlier to the meeting. When they arrived, she said that the agenda would be adjusted accordingly.

Approval of Agenda

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

The Board’s Final Agenda as amended was as follows:

Call to Order
Determination of Quorum
Approval of Agenda
Public Comment Period

A. Approval of Minutes from December 13, 2005 Board meeting

B. Committee Reports:

1. Executive

Jane M. Little, CPA, Committee Chairman

- a. Draft Legislative Proposal – ESOP
- b. Proposed Statutory Change
- c. Budget Proposal

2. Legislative/Regulatory

Stephen D. Holton, CPA, Committee Chairman

- a. Conceptual Approach to Education
- b. Regulatory Package – CBT Fee Adjustment

3. Education/Examination

O. Whitfield Broome, Ph.D., CPA, Committee Chairman

- a. CBT Transition
- b. Requests for Waivers

4. Enforcement

Lawrence D. Samuel, CPA, Committee Chairman

- a. Case: Consent Order UC05-2005 (Adkins)

Recess for Board Lunch

Reconvene

C. Discussion of NASBA Focus Questions

Jacob J. Cohen, CPA, Mid-Atlantic Regional Director,
NASBA Board of Directors
Ellis M. Dunkum, CPA, Director-at-Large,
NASBA Board of Directors

D. Future Meetings

1. Cost Comparison for NASBA Meetings

E. VITA Memorandum of Understanding

Sign Conflict of Interests Forms and Financial Disclosure Statements
Complete Travel Expense Vouchers

Adjournment

Ms. Collins from the Virginia Society of Certified Public Accountants (VSCPA) introduced herself, and informed the members that the VSCPA Board of Directors (1) had voted to endorse the re-nomination of Ms. Little to the Board; and (2) was working to include financial literacy in the proposed House Joint Resolution No. 25, about the establishment of a joint subcommittee to study science, math, and technology education in the Commonwealth.

**Public Comment
Period**

Chairman Little thanked Ms. Collins for her comments. With no further members of the public being present, she moved to the next item of business.

The members reviewed the draft minutes from the Board meeting held on December 13, 2005.

**A. Approval of
Minutes from
December 13, 2005
Board meeting**

Upon a motion by Mr. Holton, and seconded by Mr. Dickerson, the Board by unanimous vote approved the minutes from its meeting on December 13, 2005. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

Chairman Little informed the other members of the Board that Senator Walter Stosch intends to introduce legislation that would change the requirements of the statutes for ownership of professional corporations that practice public accounting or use the CPA title. The proposed legislation would permit those corporations to sponsor an employee stock ownership plan provided that prescribed conditions are met. Chairman Little also said that Senator Stosch would like the Board to read the December 28, 2005, draft of the proposed legislation and indicate whether they would object to legislation that

**B. Committee
Reports:
1. Executive –
Jane M. Little,
CPA, Committee
Chairman
a. Draft Legislative
Proposal – ESOP**

conformed substantially with the draft. The consensus of the Board was that they would not object.

Ms. Brayboy and Mr. Purcell arrived to the meeting at 9:30 a.m.

Mr. Holton proposed that the Executive Committee would review the Board's legislative package to determine what are the most essential changes needed to protect the public and to decrease confusion on the part of the public and the licensees.

**b. Proposed
Statutory Changes**

Upon a motion by Mr. Samuel, and seconded by Ms. Calderone, the Board approved by unanimous vote to allow the Executive Committee to review the Board's legislative package and determine whether changes are appropriate. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

The Board also discussed with Mr. Purcell the issue about permitting individuals who do not live or work in the United States to obtain a CPA license in Virginia. The Board then agreed to request legal advice about proposing a change to its statute that requires the applicant to reside, or have a place of business, in Virginia in order to obtain a Virginia CPA license.

Finally, the members discussed the role of the Department of Planning and Budget (DPB) in the regulatory process, and ways to work with appropriate DPB staff as the Board develops proposed revisions to the regulations.

The members reviewed the Board's budget proposal for 2006-2008, which included the additional money and personnel necessary for the Board's administration of the CBT. Chairman Little stated that the proposal had been approved and included in the Governor's budget.

c. Budget Proposal

The Board recessed from 10:30 a.m. to 10:45 a.m.

Board Recess

Chairman Little moved this item up in the agenda.

The members confirmed that the schedule for future Board meetings is as follows: (1) Wednesday, May 17, 2006, to begin at 9:00 a.m., at a location to be determined near the site of the VSCPA Leadership Conference scheduled for May 18th and 19th; and (2) Wednesday, June 14, 2006, to begin at 9:00 a.m.

**D. Future Meetings:
1. Cost Comparison
for NASBA
Meetings**

The members then reviewed a cost comparison of Eastern Regional

meetings sponsored by the National Association of State Boards of Accountancy (NASBA) from 2003 to 2006, the latter being proposed costs for the upcoming meeting in Puerto Rico in June 2006.

The Board approved the attendance of six Board members—Chairman Little, Vice Chairman Holton, Mr. Samuel, Ms. Brayboy, Ms. Calderone, and Mr. Dickerson—to the 2006 Eastern Regional meeting.

The Board agreed that Mr. Dickerson, since he is a new Board member, should attend the New Board Member Orientation, along with the regional meeting. It was noted that NASBA would pay the costs for Mr. Dickerson to attend these meetings.

The Board also approved the attendance of Dr. Broome to the 2006 Western Regional meeting in San Francisco, California, since his teaching schedule does not allow him to attend the Eastern Regional meeting.

Mr. Holton discussed with the other members that the Board should begin considering the creation of a conceptual approach to education; specifically, the Board should consider, in the same manner in which it undertook a conceptual approach to developing proposed statute revisions, whether changes should be made to the education requirements in the statutes and regulations.

The Board tasked the Education/Examination Committee with preparing some ideas about what a conceptual approach to education would look like.

Mr. Holton then reviewed the documents necessary for filing an emergency regulation/notice of intended regulatory action (NOIRA) about the Board's assumption of the administration of the CBT, the net effect of which is to reduce the cost of the CBT for Virginia candidates by decreasing the administration fee charged to Virginia candidates taking the exam for the first time, and by repealing entirely the fee charged to Virginia candidates who re-take the exam.

Upon a motion by Mr. Samuel, and seconded by Dr. Broome, the Board by unanimous vote approved the enactment of the examination administration fee of \$120, and the promulgation of this action as an emergency regulation/notice of intended regulatory action. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

B. Committee Reports (cont'd):
2. Legislative/Regulatory –
Stephen D. Holton,
CPA, Committee
Chairman
a. Conceptual Approach to Education
b. Regulatory Package – CBT Fee Adjustment

The Board recessed from 11:10 a.m. to 11:25 a.m.

Mr. Cohen and Mr. Dunkum joined the Board members in a detailed discussion about a number of issues coming out of the NASBA Regional Directors' Focus Questions. Some issues discussed were as follows: standard-setting, compliance assurance (peer review), substantial equivalency and strategic planning. Mr. Holton made inquiries to both Mr. Cohen and Mr. Dunkum as to the position of NASBA on standard setting. He suggested that the Board could prepare a white paper and volunteered to work on this.

Upon a motion by Mr. Dickerson, and seconded by Mr. Samuel, the Board unanimously approved giving authority to Mr. Holton to discuss considerations in standards setting with individual members of the Board and draft a memorandum on standard setting for the Board to consider adopting as a position paper. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

The Board recessed from 12:00 p.m. to 1:00 p.m. for lunch.

With the arrival of Ms. Adkins, Chairman Little moved this item up in the agenda.

Mr. Samuel and Ms. Calderone stated that they would recuse themselves from any action on this enforcement case due to their involvement as members of the Enforcement Committee.

Ms. Adkins, without an attorney present, made a presentation to the Board.

In the matter of **Consent Order UC05-2005 (Adkins)**, the Board reviewed the Consent Order, and made the following motion:

Upon a motion by Mr. Holton, and seconded by Mr. Dickerson, the Board by majority vote approved Consent Order UC05-2005 whereby Mary G. Adkins, for using the CPA title without being duly licensed as a CPA in the Commonwealth, is ordered to pay a monetary penalty of \$500 within ninety (90) days of the entry date of the order. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy and Mr. Dickerson. Mr. Samuel and Ms. Calderone were not present and did not participate in the discussion or vote.

Board Recess

**C. Discussion of
NASBA Focus
Questions –
Jacob J. Cohen,
CPA, Mid-Atlantic
Regional Director,
NASBA Board of
Directors, and
Ellis M. Dunkum,
CPA, Director-at-
Large, NASBA
Board of Directors**

Lunch

**B. Committee
Reports (cont'd):
4. Enforcement –
Lawrence D.
Samuel, CPA,
Committee
Chairman
a. Case:
Consent Order
UC05-2005 (Adkins)**

Dr. Broome, as committee chair, reviewed the CBT transition report with the other members. Ms. Feldman noted that additional staff was being hired to handle the transition.

Ms. Brayboy left the meeting at 1:35 p.m.

Dr. Broome next led a discussion about three requests for a waiver that were submitted to the Board.

The first request was for an extension of the time period in which the Virginia CPA exam candidate could take and complete all four parts of the CBT. Upon a motion by Mr. Samuel, and seconded by Mr. Dickerson, the Board unanimously voted to not grant a waiver because the examination requirement has been set, and no extenuating circumstances were presented. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

The second request was for a waiver of the passing score required of CPA license applicants who must take and pass the Comprehensive Professional Ethics course offered by the American Institute of Certified Public Accountants (AICPA). Upon a motion by Mr. Samuel, and seconded by Mr. Dickerson, the Board unanimously voted to not grant a waiver because the licensing requirements have been set, and no extenuating circumstances were presented. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

The third request was for an extension of the time period in which the Virginia CPA exam candidate could take and pass a part of the CBT, and could maintain credit for the remaining three parts, which had expired. Upon a motion by Mr. Samuel, and seconded by Mr. Dickerson, the Board unanimously voted to not grant a waiver because the examination policy has been set, and no extenuating circumstances were presented. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

The members reviewed a memorandum of understanding (MOU) presented by the Virginia Information Technologies Agency (VITA) for the Board’s approval. Ms. Feldman pointed out that this MOU is to supersede the current transition agreement with VITA. She also noted that the Auditor of Public Accounts (APA) has indicated that all

**3. Education/
Examination – O.
Whitfield Broome,
Ph.D., CPA,
Committee
Chairman**
a. CBT Transition

**b. Requests for
Waivers**

**E. VITA
Memorandum of
Understanding**

agencies will receive an audit point if they do not have in place clear roles and responsibilities with those agencies to which they provide services or from which they receive services. With this in mind, specific language about the Board's status as a seat-managed agency was inserted into the MOU.

Upon a motion by Mr. Samuel, and seconded by Dr. Broome, the Board by unanimous vote agreed to sign the new MOU with VITA. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

Chairman Little asked the members to complete and sign their conflict of interests forms and their financial disclosure statements.

**Conflict of
Interests Forms and
Financial Disclosure
Statements**

Chairman Little asked the members to complete and sign their travel expense vouchers.

**Travel Expense
Vouchers**

With no further business coming before the Board, upon a motion by Dr. Broome, and seconded by Ms. Calderone, the meeting was adjourned by unanimous vote at 2:10 p.m. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

Adjournment

APPROVED:

Jane M. Little, CPA, Chairman

COPY TESTE:

Nancy Taylor Feldman, Executive Director