

THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Wednesday, December 17, 2008 in Board Room 4 of the Perimeter Center, 9960 Mayland Drive, Richmond, Virginia 23233.

MEMBERS PRESENT: Dian T. Calderone, MTX, CPA, Chairman
O. Whitfield Broome, Ph.D., CPA, Vice Chairman
Lawrence D. Samuel, CPA, Immediate Past Chairman
Stephen D. Holton, CPA
Tyrone E. Dickerson, CPA
William E. Hunt, CPA

MEMBERS PRESENT FOR A PORTION OF THE MEETING:

Regina P. Brayboy, MPA

MEMBERS ABSENT: NONE

STAFF PRESENT: Michael D. Rogers, CPA, Acting Executive Director/Agency Head
Katherine Idrissi, Special Assistant
Dreana L. Gilliam, Board Administrator
Jean Grant, Enforcement Manager/Investigator

OTHERS PRESENT: Cynthia H. Norwood, Assistant Attorney General
Maureen Dingus, Executive Vice President, Virginia Society of Certified Public Accountants
Emily Walker, Government Affairs Director, Virginia Society of Certified Public Accountants
Stephanie Peters, President, CEO, Virginia Society of Certified of Public Accountants
Nerisa Ford
Andrew Powell, CPA, MBA, Audit Director, Auditor of Public Accounts
Linda Smithson, Customer Account Manager, VITA/Northrop Grumman Partnership
Mike Melton, Agency Performance Manager, VITA/Northrop Grumman Partnership
Lee Tinsley, Agency Performance Manager, VITA/Northrop Grumman Partnership
Tom Moody, Finance Analyst, VITA/Northrop Grumman
Deborah A. Rigdon, SPHR, Manager, Shared Services Center, Department of Human Resource Management

CALL TO ORDER

Chairman Calderone called the meeting to order at 9:34a.m.

SECURITY BRIEFING

After an introduction of the members of the public in attendance and the declaration of a quorum, Ms. Idrissi provided the emergency evacuation procedures.

APPROVAL OF AGENDA

Chairman Calderone advised an additional agenda item would be added to discuss the status of the proposed regulations. Upon a motion by Mr. Dickerson and duly seconded, the members voted unanimously to approve the December 17, 2008 agenda as amended.

APPROVAL OF MEETING MINUTES

Upon a motion by Mr. Dickerson and duly seconded, the members voted unanimously to approve the October 9, 2008, October 24, 2008 and November 7, 2008 meeting minutes.

PUBLIC COMMENT

Members of the public were in attendance but did not address the board at this time.

2008 APA AUDIT/ENTRANCE INTERVIEW

Andrew Powell, CPA, MBA, Audit Director, Auditor of Public Accounts provided a brief overview of the scope of the VBOA audit. The estimated completion date of the audit is January 2009.

VITA ASSET MANAGEMENT RECONCILIATION REPORT

Linda Smithson, Customer Account Manager, VITA/Northrop Grumman Partnership provided a brief overview of VITA's position and turned the discussion over to Lee Tinsley, Agency Performance Manager for clarification. Mr. Tinsley presented the Board with a handout which reflected VBOA's past, present, and future inventory status. Mr. Tinsley indicated that discrepancies were identified after the initial vendor review of VBOA inventory. Going forward, in an effort to maintain accurate accounts of inventory, Northrop Grumman (NG) developed the NG Asset Reconciliation Team. Per Mr. Tinsley, a review of the findings report provides an explanation of the cost increase. VITA/NG has developed a better approach to conducting inventories in the future. Mr. Tinsley also advised the Board of potential ways to decrease costs based on the reduction and/or removal of unused equipment. Mr. Tinsley stated that the monthly fees paid by VBOA relate to the equipment used by VBOA.

BOARD TRAINING

Cynthia Norwood, Assistant Attorney General, Board Legal Counsel reported on the importance of avoiding activities which are generally prohibited under the Conflicts of Interests Act (COIA). Ms. Norwood advised the members of the board they should always contact their attorney if unsure about the potential for an activity to be a violation of COIA.

LEGISLATIVE/REGULATORY REPORT

Mr. Holton reported on the status of the proposed regulatory packages and the necessary steps for submission required by the Department of Planning and Budget (DPB), Regulatory Information Systems (RIS), and Legislative Information Systems (LIS).

BEGIN CLOSED MEETING

Upon a motion by Mr. Samuel, and duly seconded, the members approved by unanimous vote that the meeting be recessed and the VBOA immediately reconvene in closed meeting for the purpose of consultation with legal counsel and/or briefings by staff members pertaining to actual and/or probable litigation within the jurisdiction of the VBOA as permitted by § 2.2-3711.A.7 of the *Code of Virginia*. The following non-members were attendance to reasonably aid the consideration of the topic: Cynthia D. Norwood, Legal Counsel and Jean Grant, Enforcement Manager/Investigator. The members voting “**AYE**” were Mr. Samuel, Mr. Holton, Mr. Dickerson, Dr. Broome, Mr. Hunt, and Ms. Calderone.

END CLOSED MEETING

Upon a motion by Mr. Hunt, 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. The members voting “**AYE**” were Mr. Samuel, Mr. Holton, Mr. Dickerson, Dr. Broome, Mr. Hunt, and Ms. Calderone.

Upon a motion by Dr. Broome, and duly seconded, the VBOA made the following certification: 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 VBOA 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 – Aye
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 – Not Present/No Vote
William E. Hunt, CPA – Aye

VOTE

AYES: Six (6)
NAYS: None
ABSENT DURING VOTE: Ms. Brayboy
ABSENT DURING MEETING: None

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

NASBA AND FORUM OF INTERNATIONAL REGULATORS CONFERENCE REPORTS

Chairman Calderone led the discussion of the National Association of Boards of Accountancy (NASBA) Conference, the Forum of International Regulators Conference, and the Examination Forum. She reported on the conferences held in October and December 2008 during which a variety of topics were addressed.

The NASBA Conference was held in Boston and addressed the following: impaired individuals, mobility, a profile of the expectations of newcomers to the profession, NASBA's Accountancy Licensee Database (ALD) and enforcement issues. Ms. Calderone stated that the Texas Board of Accountancy (TBOA) currently has a plan in place to address chemical dependency and assisting in the rehabilitation process. VBOA will request a copy of the TBOA plan for review in the future.

The Forum of International Regulators Conference and the Examination Forum were held in Atlanta. Representatives from many countries and state boards were in attendance at the Forum of International Regulators Conference and the discussion provided insight into the qualifications for foreign licensure. The Examination Forum focused on the current status of computer based testing (CBT) and international delivery of the Uniform CPA exam.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) REPORT

Mr. Samuel presented an overview of the IFRS standards and processes and the proposed timeline to implementation. Movement toward a single set of accounting standards is inevitable and the transition from U.S. GAAP to IFRS is underway. It is expected that by 2011 the majority of companies world-wide will be using IFRS.

ENFORCEMENT CASES

File Number 2008-U01 (Ford) (*Dickerson & Holton*)

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

In the matter of **File Number 2008-U01 (Ford)**, Ms. Ford was in attendance and addressed the members on her behalf. Following a discussion it was determined that the case would be sent back to the Enforcement Committee. Ms. Grant will handle all arrangements.

File Number 2008-CPE14-DC013-2008 (Rau) (*Dickerson & Holton*)

Due to their involvement with this case, Mr. Dickerson and Mr. Holton were not present and did not participate in the discussion or vote.

In the matter of **File Number 2008-CPE14-DC013-2008 (Rau)**, Ms. Grant provided an overview of the case; the Board reviewed the consent order with its findings of fact, conclusions of law and actions. Ms. Rau was not present nor represented by counsel.

Upon a motion by Mr. Hunt, and duly seconded, the Board by unanimous vote approved Consent Order Number 2008-DC013 (Rau). The members voting "AYE" were Ms. Calderone, Mr. Samuel, Dr. Broome, and Mr. Hunt.

CALL FOR VOTE:

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

VOTE

AYES: Four (4)

NAYS: None.

ABSENT DURING VOTE: Mr. Dickerson and Mr. Holton

ABSENT DURING MEETING: Ms. Brayboy

File Number 2008-DC15-DC012-2008 (Eddy) (*Dickerson & Holton*)

Due to their involvement with this case, Mr. Dickerson and Mr. Holton were not present and did not participate in the discussion or vote.

In the matter of **File Number 2008-DC15-DC012-2008 (Eddy)**, Ms. Grant provided an overview of the case; the Board reviewed the consent order with its findings of fact, conclusions of law and actions. Mr. Eddy was not present nor represented by counsel.

Upon a motion by Mr. Samuel, and duly seconded, the Board by unanimous vote approved Consent Order Number 2008-DC12 (Eddy). The members voting “**AYE**” were Ms. Calderone, Mr. Samuel, Dr. Broome, and Mr. Hunt.

CALL FOR VOTE:

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

VOTE

AYES: Four (4)

NAYS: None.

ABSENT DURING VOTE: Mr. Dickerson and Mr. Holton

ABSENT DURING MEETING: Ms. Brayboy

File Number 2008-U03-2008-FO-07 (Walker) (Dickerson & Holton)

Due to their involvement with this case, Mr. Dickerson and Mr. Holton were not present and did not participate in the discussion or vote. Mr. Samuel recused himself and did not participate in the discussion or vote.

In the matter of **File Number 2008-U03-2008-FO-07 (Walker)**, Ms. Grant provided an overview of the case; the Board reviewed the board order with its findings of fact, conclusions of law and actions. Mr. Walker was not present nor represented by counsel.

Upon a motion by Mr. Hunt, and duly seconded, the Board by unanimous vote accepted the Board Order as amended. The members voting “**AYE**” were Ms. Calderone, Dr. Broome, Ms. Brayboy, and Mr. Hunt.

CALL FOR VOTE:

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

VOTE

AYES: Four (4)

NAYS: None.

ABSENT DURING VOTE: Mr. Dickerson, Mr. Samuel, and Mr. Holton

ABSENT DURING MEETING: None.

BOARD REPORTS

Mr. Rogers presented the VBOA October and November monthly financial reports for review. Chairman Calderone requested that a copy of the Flash Report be included in future agenda packages. Discussion of the fee analysis was deferred until the January board meeting. VBOA responses to NASBA Focus Questions were also presented for review. Following a review, editorial revisions were requested prior to submission.

Ms. Gilliam led the discussion regarding the Petition for Rulemaking. She provided a summary of a request for stronger licensing requirements. Upon a motion by Chairman Calderone and duly seconded, the Board by unanimous vote declined to take any action.

ENFORCEMENT REPORT

Mr. Dickerson informed the Board that an increasing number of newly licensed CPAs are not adhering to the annual 2 hours of ethics CPE requirement. He has spoken with the VSCPA to inquire about the possibility of making the annual ethics course available for a longer period of time. Following a discussion it was determined that the development of a course utilizing hypothetical VBOA cases will be implemented by Mr. Dickerson and Ms. Grant.

FUTURE MEETING DATES

January 8, 2009 – 10:30a.m.

February 2, 2009 – 10:00a.m.

HUMAN RESOURCES REPORT

Ms. Rigdon provided an overview of the Executive Director recruitment process. A committee comprised of board members will be developed to assist in the process. Ms. Idrissi is the point of contact for any inquiries regarding the Executive Director recruitment process.

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 for the purpose of discussing personnel matters within the jurisdiction of the VBOA as permitted by § 2.2-3711.A.7 of the *Code of Virginia*. No non-members were in attendance to reasonably aid the consideration of the topic. The members voting “**AYE**” were Mr. Samuel, Mr. Holton, Mr. Dickerson, Dr. Broome, Ms. Brayboy, Mr. Hunt, and Ms. Calderone.

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

Upon a motion by Dr. Broome, and duly seconded, the VBOA made the following certification: 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 VBOA 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 – Aye
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 – Aye
William E. Hunt, CPA – Aye

VOTE

AYES: Seven (7)

NAYS: None

ABSENT DURING VOTE:

ABSENT DURING MEETING: None

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

CONFLICT OF INTEREST FORMS/TRAVEL EXPENSE VOUCHERS

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

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Ms. Calderone and duly seconded, the meeting was adjourned by unanimous vote at 4:15 p.m. The members voting “**AYE**” were Ms. Calderone, Mr. Samuel, Mr. Holton, Dr. Broome, Ms. Brayboy, Mr. Hunt, and Mr. Dickerson.

APPROVED:

Dian T. Calderone, MTX, CPA, Chairman

COPY TESTE:

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