

The Virginia Board of Accountancy Annual Strategic Planning Session

- Date and Location:** May 27, 2009 at 9960 Mayland Drive – 2nd Floor
Conference Center/Board Room #4
- Board members present:** Dian Calderone, MTX, CPA, Board Chairman
O. Whitfield Broome, Ph.D., CPA, Vice Chairman
Lawrence Samuel, CPA, Immediate Past Chairman
Stephen Holton, CPA, Board Member
Tyrone Dickerson, CPA, Board Member
William Hunt, CPA, Board Member
- Board members present for a portion of the meeting:** Regina Brayboy, MPA, Board Member
- Board members absent:** NONE
- Board staff present:** Wade A. Jewell, Executive Director
- Board staff present for a portion of the meeting:** Katherine Idrissi, Special Assistant
Jean Grant, Enforcement Manager
Valeria Quimpo, Licensing/Examinations Coordinator
Dreana L. Gilliam, Board Administrator
- Others present:** Emily Walker, Government Affairs Director, Virginia Society of Certified Public Accountants
Stephanie Peters, President & CEO, Virginia Society of Certified Public Accountants
Cynthia H. Norwood, Assistant Attorney General-III
Ed Miller, Information Security Specialist, Accounting & Internal Control Compliance Oversight (AICCO), Department of Accounts
- Public Comments:** While members of the public (Ms. Walker and Ms. Peters) were present, no public comment was received.

Chairman Calderone called the meeting to order at 9:15 a.m. in Board Room #4 of the Perimeter Center. After the declaration of a quorum, Ms. Idrissi provided the emergency evacuation procedures.

Upon a motion by Mr. Dickerson and duly seconded, the members voted unanimously to approve the May 27, 2009 agenda with amendments.

Chairman Calderone turned the meeting over to the Vice Chairman and strategic planning facilitator, Dr. Broome.

Dr. Broome opened the strategic planning portion of the meeting with a review of the Board's mission. The primary goal of the Virginia Board of Accountancy (VBOA) is to protect the public interest via licensure and ensuring licensees' maintain professional compliance and enforcement. Dr. Broome indicated that it is important that the VBOA's mission be incorporated in all aspects of the Board's actions and decisions, throughout the day and in upcoming year discussions.

The Board members and staff proceeded to discuss the following topics:

- VBOA's New Information System
 - Mr. Jewell provided an overview of the new system capabilities and limitations. Board staff provided a live review of the new systems programs, My License Office (MLO) and eGov. Board staff is working with the system vendor (System Automation) and the Department of Health Professions (DHP) to close out initial system implementation issues prior to final payment being made to the vendor. Mr. Jewell pointed out that there are currently system issues with the CPE and Peer Review Compliance Review processes in the system. Due to recent IT issues with DHP, a solution for resolving these issues has been delayed. Board staff is also maintaining a list of suggestions to assist in improving the systems' functionalities.
 - Mr. Jewell informed the Board that legacy system databases were being maintained to ensure all data was/is transferred to the new system. The question was asked whether comparisons could be made between the systems to capture data that was not transferred from the legacy system to the new system. Mr. Jewell indicated that he would follow up to determine if this was possible.
 - Ed Miller, AICCO, Department of Accounts (DOA) provided an overview of IT Security Plan Standards. Mr. Miller advised that he was extremely pleased with his findings after reviewing the VBOA IT Security Plan. His work with the VBOA is scheduled to be completed by mid-June. He will continue monitoring and provide suggestions for improvement to the current plan, and will work with the VBOA on an as needed basis.
 - Following the presentation of the VBOA New Information System, Board staff left the meeting and returned to the office.

- Executive Director's Update
 - Mr. Jewell summarized his general observations during his first month as Executive Director. While work needs to be done to strengthen administrative and fiscal process, Mr. Jewell commented on staff strengths and their willingness to provide support and to learn whatever is necessary to get the job done. Mr. Jewell will be evaluating staff knowledge, skills and abilities, as well as current workloads, over the next 3-6 months and will present his findings/recommendations to the Board at an appropriate time.
 - Mr. Jewell discussed the current status of the Agency Risk Management and Internal Control Standards (ARMICS) certification that is required as of 6/30/09. The VBOA has contracted with Pragmatic Solutions to document VBOA processes and to test controls. There are no anticipated problems expected in meeting the deadline.
 - Mr. Jewell informed the Board that steps were being taken to ensure that significant findings from the FY2008 APA Audit Report would be addressed prior to the next audit.
 - Mr. Jewell indicated that there was work to be done in relation to a Policy Manual. Administrative and/or fiscal policies and procedures were being updated and/or created to satisfy ARMICS requirements, APA and internal needs. Staff will review a 3-5 year history of Board minutes to ensure Board policies have been captured and documented.
 - Mr. Jewell distributed copies of the April 2009 Flash Report and monthly Financial Report. The FY2010 Operating Plan (Budget) will be prepared and presented to the Board at its July 1, 2009 Board Meeting for review and approval. Mr. Jewell discussed opportunities for expenditure savings, and will present such in the proposed FY2010 Budget.
 - Mr. Jewell distributed copies of the VBOA's Performance Measures, and walked the Board members through each of the six (6) measures. Discussion centered on the value of each measure, and future plans for adjustments. Mr. Jewell informed the Board that opportunity would exist this fall to propose changes to performance measures. Updates to the Strategic Plan will also be made this fall.
 - Mr. Jewell discussed his observation that there were opportunities to improve the VBOA website. The website can be overwhelming at times, and should be re-designed with a user-friendly, customer service approach taken. Suggestions have been received from users as well. Numerous areas of the website also need to be updated with current information. Immediate needs will be addressed, while re-design will be more of a longer-term project. Dr. Broome indicated that further discussions regarding web-site changes and communications will be addressed later in the agenda/meeting.

- Mr. Jewell informed the Board that he had recently attended a Freedom of Information Act (FOIA) training session, and asked the Board if it were time for the Board to go through an updated training session. The Board agreed. Mr. Jewell will coordinate a training session for sometime in 2009, and will include VBOA staff in the training as well.
- Legislative/Regulatory Discussion
 - Mr. Holton briefed the Board on the current status of the Emergency Regulation that reduced the educational requirement to sit for the CPA exam from 150 hours to 120 hours. The Emergency Regulation was approved by the Governor and was effective May 14, 2009. Mr. Holton gave a background of the process and how the regulation got to where it is today, and thanked the Virginia Society of CPA's (VSCPA) for their assistance in moving the regulation forward. The VBOA and VSCPA's web-sites had been updated to announce the emergency regulations' change.

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- Mr. Holton briefed the Board on the strategy for moving forward with regulations. Mr. Holton summarized a meeting that Mr. Jewell had with the Department of Planning and Budget (DPB) on the previous day to discuss the status of current regulatory needs. DPB recommended to Mr. Jewell a multi-tiered approach: 1) The subject matter already promulgated via emergency regulations (150 educational hours reduced to 120 hours to sit for the CPA exam) be handled as fast track; 2) The larger overhaul of regulations (and repeal of existing regulations) be handled through the normal three-stage process; and 3) Proposed fee increases be submitted as a separate package and through the normal three stage process.

Mr. Holton requested some latitude from the Board to pursue other approaches. As authority for making such decisions had been delegated to the Chair and Vice-Chair, no vote was necessary. Mr. Holton and Mr. Jewell will work together to map out a strategy regarding the best approach for successful implementation of the proposed and necessary regulatory changes.

- VBOA's Responsibility for Financial Matters
 - As the Board had previously approved fee increases to be presented as regulatory changes, no further discussion took place regarding the setting of fees. The Board asked Mr. Jewell to begin preparing a 3-year rolling projection (revenue) to be discussed at each year's annual planning meeting, with this presentation being added to the master calendar.
 - The Board heard from Mr. Jewell that the proposed FY2010 Budget would be presented to the Board on July 1, 2009 for review and approval.
 - The Board heard from Mr. Jewell that the FY2009 GAAP-Based Financial Statements would once again be prepared by Pam Kamalakkannan, a wage employee contracted by the VBOA to meet various financial needs. Mr. Jewell plans to work closely with Pam and hopes to be in position to take over this function in future years.

- Peer Review Process
 - Considerable discussion took place among Board members and representatives from the VSCPA regarding the Peer Review Process. Discussions included the VSCPA process, to include requirements to become a peer reviewer, process for monitoring the work of a peer reviewer, and process for removing a peer reviewer. Firm and peer reviewer competencies were also discussed.
 - Further discussion took place regarding the number of peer reviewers in Virginia. Per the VSCPA, there are 46 active peer reviewers in Virginia; however, at least ½ do only 1-2 peer reviews per year. It was questioned and confirmed that there are a number of regional firms that aren't participating in providing peer review services.
 - The Board also questioned if peer reviewers are taking their charge seriously. For example, are they doing it for the money, or for the charge of the program? The VSCPA noted that they closely monitor our enforcement cases, and if there are any peer reviewers that have disciplinary action taken (or pending), follow up may need to occur.
 - The Board also discussed "what oversight should the Board have over the VSCPA Peer Review Process?" Asked during discussion: "Aren't we most concerned about those firms not making their peer review results transparent?" It was also questioned whether the Board "should at least notify peer reviewers of the Board's concerns about the peer review process?"
 - The Board agreed that a more detailed analysis and thorough discussion take place at the next Board meeting. The VSCPA will gather statistics on the Virginia Peer Review process and bring them back to the Board. The VSCPA will also request that Jim Brackens from the AICPA attend the July 1 VBOA meeting to discuss Peer Review. Mr. Jewell will also contact NASBA to gather information on other states' peer review processes.

- Mr. Jewell presented a flow chart of the current VBOA Peer Review Compliance Review process, with attachments that are sent to reviewees. Mr. Jewell emphasized that the process used by staff is simply ensuring that a peer review has been completed, with no follow-up as to whether the peer review was “pass” or “fail”. The Board will incorporate this discussion at the next Board meeting.
- CPE Review Process
 - Discussion first centered around requiring CPE on Consent and Board orders. The Board agreed that requiring CPE is at the discretion of the Enforcement Committee.
 - The Board discussed a suggestion that all CPE be administered by CPE Sponsors (Registry) that are recognized by NASBA. After considerable discussion, Dr. Broome suggested that this topic be placed on a future Board meeting agenda.
 - The Board discussed the possible need for a policy that specifically addresses Board members’ CPE requirements. The Board agreed that this topic needed to be explored in more detail at a future meeting.
 - Mr. Jewell presented a flow chart of the current VBOA CPE Compliance Review process, with attachments that are sent to reviewees. Mr. Jewell emphasized that the process used by staff is simply ensuring that a sufficient number of CPE hours are completed in accordance with VBOA regulations, with no follow-up as to the type of and/or quality of the CPE’s received.
- Additional Items for Discussion
 - Dr. Broome requested that the Master Calendar be uploaded to the VBOA website. Dr. Broome also requested that a “Board tenure” list be created and uploaded to the VBOA website.
 - A question had been previously raised by the Enforcement Committee regarding Committee members’ right to remain in full Board meeting during case deliberations. Mr. Dickerson, Enforcement Committee Chair, read a letter from the Attorney General’s (AG) Office of the opinion that Enforcement Committee members should not be present during Board deliberations of final orders. The letter was dated December 6, 2000 and was in response to a question from the Department of Professional and Occupational Regulations (DPOR).
 - The Board discussed the need for follow-up conflict of interest training. This raised the question of setting up a schedule of all Board training requirements. Mr. Jewell will coordinate setting up a master schedule and will contact the Secretary of the Commonwealth to see if a master list for Board members is maintained by the state.

- Considerable discussion took place regarding the VBOA website and communications in general. The Board and Mr. Jewell recognize there are opportunities for improvement. Specific topics included web design and appearance, more timely information, and better communication (topics). It was suggested that each of these topics be a component of a VBOA comprehensive communications plan to be developed by the Board over the coming months. Some suggestions were to solicit students from surrounding colleges and universities to assist with re-developing the VBOA web-site. There was also discussion regarding the success of the Ethics Task Force and importance of getting others involved in the process.
- Discussions also took place regarding the need to communicate with the public and exam candidates. There was a suggestion of a potential speaker's bureau. Open discussion also centered on what "CPA" means, and how to educate the public as to what questions to ask before hiring a CPA for any type of work. Each of these topics also needs to be incorporated into a comprehensive communications plan.

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 convene in closed meeting under the Virginia Freedom of Information Act to for the purpose of discussion and/or consultation with staff members pertaining to personnel matters within the jurisdiction of the Board as permitted by § 2.2-3711.A.1 of the *Code of Virginia*. The following non-member was in attendance for the closed meeting to reasonably aid the consideration of the topic: Wade A. Jewell, Executive Director. The members voting "AYE" were Mr. Samuel, Mr. Hunt, Dr. Broome, Mr. Holton, Mr. Dickerson, and Ms. Calderone.

END CLOSED MEETING

Upon a motion by Mr. Samuel, 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. Hunt, Dr. Broome, Mr. Holton, Mr. Dickerson, and Ms. Calderone.

Upon a motion by Mr. Samuel, and duly seconded, the VBOA made the following certification by roll call vote:

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
William E. Hunt, CPA – Aye

VOTE

AYES: Six (6)

NAYS: None.

ABSENT DURING VOTE: None.

ABSENT DURING CLOSED MEETING: Regina Brayboy, MPA.

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

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, licensing and standard setting for CPAs.

The members adjourned the annual strategic planning session at 4:35 p.m.

MAY 27, 2009 MINUTES APPROVED:

Dian T. Calderone, MTX, CPA, Chairman
Board of Accountancy

COPY TESTE:

Wade A. Jewell, Executive Director