

THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Friday, April 23, 2010 in Board Room 1 of the Perimeter Center, 9960 Mayland Drive, Richmond, Virginia 23233.

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

MEMBERS ABSENT: None

STAFF PRESENT: Wade A. Jewell, Executive Director
Dreana L. Gilliam, Board Administrator

PRESENT FOR A PORTION OF THE MEETING: Cynthia H. Norwood, Senior Assistant Attorney General
James Walker, CPA, Board Chairman, Virginia Society of Certified Public Accountants
Stephanie Peters, CAE, CEO, Virginia Society of Certified Public Accountants
Maureen Dingus, Executive Vice President, Virginia Society of Certified Public Accountants
Professor James Holland, Virginia Commonwealth University
Gary Markum, Virginia Commonwealth University
Shannon Carlton, Virginia Commonwealth University
Steve Guthrow, Virginia Commonwealth University

OTHERS PRESENT: None

CALL TO ORDER

Chairman Broome called the meeting to order at 9:11 a.m.

SECURITY BRIEFING

Ms. Gilliam provided the emergency evacuation procedures.

DETERMINATION OF QUORUM/APPROVAL OF AGENDA

After the declaration of a quorum, upon a motion by Mr. Dickerson and duly seconded, the members voted unanimously to approve the April 23, 2010 agenda with amendments. The members voting “**AYE**” were Mr. Holton, Ms. Calderone, Mr. Samuel, Mr. Dickerson, Mr. Hunt, Ms. Brayboy and Dr. Broome.

APPROVAL OF MEETING MINUTES

Upon a motion by Mr. Samuel and duly seconded, the members voted unanimously to approve the January 22, 2010 meeting minutes.

PUBLIC COMMENT

Members of the public were in attendance and were asked to introduce themselves. No public comment was made at this time.

BOARD MEMBER/COMMITTEE UPDATES

Mr. Hunt led the discussion regarding the proposed Peer Review Oversight Committee. He provided copies of the AICPA Peer Review Board Oversight Task Force letter that accepted the report of procedures and observations on the most recent oversight visit for the Virginia Society of CPAs. He also provided a Draft Document for Adoption of the VBOA Peer Review Oversight Committee (PROC) for review and consideration. Members will review the draft document and conduct a more in-depth discussion at the Annual Planning Meeting in May. Tentatively, the members plan to vote on the implementation of the PROC at the June meeting.

Mr. Jewell led the legislative/regulatory discussion and provided an update on the status of the proposed fast track and emergency regulatory packages. He explained the legislative/regulatory processes (fast track and emergency) to the guests and advised the members that he plans to keep a close watch to ensure the emergency regulation extension request is approved prior to its expiration. During the discussion, Mr. Jewell was notified by the Secretary of Commerce and Trade that the fast track regulatory package had been forwarded to the Governor for consideration/approval.

Mr. Samuel and Mr. Jewell led the discussion regarding Frequently Asked Questions (FAQs) and the Board's website project. Mr. Jewell advised the members that a total redesign of the VBOA website is underway. Good design and well-structured content are crucial factors to ensure ease of use and logical navigation of the VBOA website by the public. Mr. Jewell and Mr. Samuel have met on several occasions and are systematically reviewing each section of the Washington Board of Accountancy website, which is being used as a model, and making the necessary revisions to conform to VBOA needs. The Department of Health Professions (DHP) provides IT support and will attend the May meeting for a demonstration of the Board's new website. At that time Mr. Jewell, Mr. Samuel and DHP will unveil their accomplishments to date. Mr. Jewell received a preview of the new website on April 22, 2010 and is pleased with the progress.

Ms. Calderone is in the process of forming a communications committee to be charged with annually reviewing the VBOA website and discussing/recommending improved communications techniques. She requested that each Board member submit the names of two to three individuals to serve on the committee. The next phase of improving communications by the VBOA will include researching social networking sites and opportunities. The Virginia Society of CPAs offered assistance with social networking. The Communications Committee is tentatively scheduled to meet in May or June.

NASBA UPDATES

Dr. Broome informed the Board that the National Association of State Boards of Accountancy's (NASBA) Nominating Committee had recommended Mark Phillip Harris of Louisiana for NASBA Vice Chair for 2010-2011.

Dr. Broome led the discussion regarding NASBA's request for recommendations/nominations for Regional Directors, Directors-at-Large, and the Nominating Committee for 2010-2011. The North Carolina State Board of Certified Public Accountant Examiners requested support for their nomination of Miley W. (Bucky) Glover, CPA, as Middle Atlantic Regional Director. Following a short discussion, and upon a motion by Mr. Hunt and duly seconded, the members voted unanimously to endorse the nomination of M.W. Bucky Glover, CPA as Middle Atlantic Regional Director.

Dr. Broome also led the discussion regarding NASBA's request for 2010-2011 committee participation and the 2010 NASBA Awards Committee call for nominations. Members were provided with a Committee Interest Form in the event they would like to serve. The deadline to respond is May 10, 2010. Following a discussion of the 2010 NASBA Awards Committee call for nominations, it was determined that the VBOA would take no action at this time.

IRS TAX RETURN PREPARER - PROPOSED REQUIREMENTS

Dr. Broome led the discussion regarding the IRS proposed requirements for return preparers, with updates from Mr. Jewell and perspectives from Ms. Calderone. Handouts from the IRS website were distributed that included Q&A's.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) UPDATE

Dr. Broome led the discussion regarding IFRS updates, referring to the April 1 IFRS Report. While progress continues to be made regarding convergence of U. S. and international standards, much work still needs to be done. Currently the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) "are poised to reach a consensus on a single set of rules by mid-2011." However, the Securities and Exchange Commission (SEC) has stated that "the earliest a U.S. company will be allowed to transition from GAAP to IFRS is now 2015. The SEC also said that it will decide in 2011 whether to continue with this adjusted timetable."

VSCPA COMMENT LETTER ON IRS REGULATION 301.7216-2T

Dr. Broome referred the members to a copy of the VSCPA comment letter regarding the Internal Revenue Service (IRS) Regulation 301.7216-2T, Permissible disclosures or uses without consent of the taxpayer (temporary). There were no questions or discussion regarding the letter.

EXECUTIVE DIRECTORS REPORT

Mr. Jewell presented general updates regarding VBOA.

- Mr. Jewell has attended several meetings with the new Secretary of Commerce and Trade (Jim Cheng), and has met several new members of the staff and other agency heads. He will schedule a meeting with the Secretary's office for himself, Dr. Broome, and Mr. Dickerson in upcoming weeks to make introductions, to discuss any issues and answer any questions the Secretary and staff may have relative to the Board of Accountancy.

- The annual Continuity of Operations (COOP) Plan was submitted on April 1, 2010.
- Systems Automation (SA), the Board's IT application vendor, held its annual conference this week in Maryland. However, due to Board meeting preparation and work on the website project, Mr. Jewell was unable to attend.
- The Internet browser issue (i.e., the system only allows use of Internet Explorer) remains unresolved, but has been put on a priority list by SA.
- Through a system malfunction that apparently occurred several years ago, the Board's database reflects approximately 950 license issue dates of 11/17/1858. The Board agreed that staff will contact each licensee to determine the original issue date to update the system appropriately.
- The VSCPA has requested Mr. Jewell and a Board member to attend the VSCPA new Board of Directors meeting being held on July 29, 2010 at 10 a.m. Mr. Dickerson was not available. Mr. Holton, Mr. Hunt, and Mr. Samuel will notify Mr. Jewell of their availability to attend.
- Mr. Jewell read excerpts from an email received by Ms. Gilliam from Dr. Doug Ziegenfuss, congratulating the VBOA Ethics CPE Committee for "keeping the materials fresh" each year (i.e., the Ethics CPE Outline).

Mr. Jewell provided copies of the March Financial and Flash Reports. Expenditures are in line with the approved budget. Mr. Jewell attended the NASBA Executive Directors Conference in March, and provided highlights of the conference. While at the conference, he made many contacts that will be beneficial to VBOA going forward. Topics of discussion at the conference included but were not limited to the following: State BOA budgetary issues, consolidation/independence concerns, acceptance/use of electronic transcripts, mobility issues, background checks, tax preparer legislation, State Board Relevance and Effectiveness Committee, CBTe exam updates, and international delivery of the CPA exam.

Ms. Norwood provided a summary of the NASBA Legal Conference. Conference highlights included but were not limited to the following: NASBA's offer to assist any independent state BOA faced with the possibility of being placed under an umbrella agency (as well as those state BOAs with a goal of independence), the importance of peer review oversight, IFRS, and NASBA profiles/description of duties.

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EXECUTIVE DIRECTORS REPORT, continued

Mr. Jewell led the discussion regarding NASBA's Accountancy Licensee Database (ALD). The only concern related to Virginia BOA participation was confidentiality, with members wanting assurance that NASBA will not use any information from the Virginia BOA for any other purpose without the VBOA's permission. Mr. Jewell will obtain a MOA for Board consideration at a future meeting.

Mr. Jewell presented a draft fee increase proposal, including a detailed 8-year expenditure and revenue projection. There was significant discussion among the members regarding the need for sufficient trust fund balances to protect the Board from potential litigation, for enforcement cases that may require outside counsel, and for unanticipated expenditures. Recognizing that the presentation was preliminary and for initiating discussion only, the Board agreed to continue the discussion in more detail at the May planning meeting. Mr. Jewell will also research other Board of Accountancy fees, funding and expenditure structures prior to the May meeting.

Mr. Jewell advised the Board that the primary focus of the annual planning meeting would be the fee proposal, web design, Peer Review Oversight Committee proposal and Board related policies/guidelines.

ADDITIONAL ITEMS FOR DISCUSSION

There were no additional items brought up for discussion.

BEGIN CLOSED MEETING

Upon a motion by Ms. Calderone, and duly seconded, the members approved by unanimous vote that the meeting be recessed and the VBOA immediately reconvene in closed meeting to discuss and consider a personnel matter relating to the Board of Accountancy Staff, lawfully exempted from open meeting requirements within the jurisdiction of the VBOA as permitted by § 2.2-3711 (A)(1) of the *Code of Virginia*. The following non-members were in attendance to reasonably aid the consideration of the topic: Cindy Norwood, Senior Assistant Attorney General, and Wade A. Jewell, Executive Director.

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

END CLOSED MEETING

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

Upon a motion by Ms. Calderone, 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
Regina P. Brayboy, MPA, MBA – Aye
William E. Hunt, Jr., CPA – Aye

VOTE

AYES: Seven (7)

NAYS: None.

ABSENT DURING VOTE: None.

ABSENT DURING MEETING: None.

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

FUTURE MEETING DATES

Friday, May 21, 2010 – 9 a.m. (Annual Planning Meeting)
Friday, June 30, 2010 – 10 a.m.

CONFLICT OF INTEREST FORMS/TRAVEL EXPENSE VOUCHERS

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

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Dr. Broome and duly seconded, the meeting was adjourned by unanimous vote at 3:50 p.m. The members voting “**AYE**” were Ms. Calderone, Ms. Brayboy, Mr. Holton, Mr. Samuel, Mr. Dickerson, Mr. Hunt, and Dr. Broome.

APPROVED:

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

COPY TESTE:

Wade A. Jewell, Executive Director