

THE VIRGINIA BOARD OF ACCOUNTANCY

MEETING MINUTES

The Virginia Board of Accountancy (BOA) held a regular meeting on Tuesday, November 13, 2001, in the Jefferson Room of the Sheraton Richmond West Hotel, 6624 West Broad Street, Richmond, Virginia 23230. The following members were present:

Ellis M. Dunkum, CPA, Chairman
Carole M. Hersch, CPA, Vice Chairman
Jon E. Bischel
Joan D. Clarke, CPA
Roy F. Goggin, Jr., CPA
Barbara S. Pocalyko, CPA
Howard L. Rogers

The Board staff present for the entire meeting included:

Nancy Taylor Feldman, Executive Director
Mark D'Amato, Administrative Staff Assistant

Also in attendance for the entire meeting was:

Stephanie Peters, Public Affairs Director, Virginia Society of Certified Public Accountants

Also in attendance for portions of the meeting were:

John B. Purcell, Jr., Assistant Attorney General
Faisal M. Hallaj, ABA, State Director, National Society of Accountants
Bonnie Rhea, Assistant Director, Enforcement, Department of Professional and Occupational Regulation

Ellis M. Dunkum, CPA, Chairman, called the meeting to order at 10:00 a.m.

Call to Order

Chairman Dunkum determined that a quorum was present.

Determination of Quorum

Upon a motion by Roy F. Goggin, Jr., CPA, and seconded by Carole M. Hersch, CPA, Vice Chairman, the Board approved by unanimous vote the agenda as amended. The members voting "AYE" were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Ms. Clarke, Mr. Goggin, Ms. Pocalyko, and Mr. Rogers.

Approval of Agenda

The Board's Final Agenda was as follows:

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

A. Approval of Minutes from August 23, 2001 Board Meeting

B. Old Business:

1. Mutual Recognition Agreement with Australia
Roy Goggin, Jr., CPA, Board Member

Break

B. Old Business (Continued):

2. Memorandum of Understanding Between BOA and DOA
3. Policy Review:
 - a. Procedures for Issuance of Wall Certificates
 - b. Acceptable Accounting and Business Coursework – 18
VAC 5-21-30 B 1 a & b
Jon E. Bischel, Board Member
4. Application Development Update

Lunch

C. Enforcement:

1. File #2001-01807 – Adams, Akin, Jenkins & Cheatham, PC
(Robert Smith and Frank Jenkins will attend)

D. New Business:

1. Enforcement Committee Report
Joan D. Clarke, CPA, Committee Chairman
2. Regulatory Review
3. Per Diem Payments for Board Members
4. Letter from VSCPA Re: Revocation Sanctions
5. Peer Review:
 - a. Effect of SSARS No. 8 on Peer Review
 - b. Request from NSA to Perform Peer Reviews
6. Policy Review:
 - a. Applications from Non-Equivalent States
Jon E. Bischel, Board Member
 - b. Accounting and Business Coursework Deficiency under
Quarter Hour System

7. Approval of Meeting Dates
8. NASBA Annual Meeting – Report
9. November Uniform CPA Exam – Report
10. Letter Re: Accountants in Recovery
11. UAA Exposure Draft
12. Various Future NASBA Meetings
 - a. Examination Conference, January 9, 2002
 - b. Executive Directors’ Conference, February 10-13, 2002
 - c. Legal Counsel Meeting, February 10-13, 2002
13. NASBA Focus Questions for This Quarter
14. Financial Information and Board Statistics
 - a. Licensee Statistics
 - b. Registered Firm Statistics
 - c. Disciplinary Cases
 - d. Financial Information as of September 30, 2001

Sign Conflict of Interest Forms
Complete Travel Expense Vouchers
Adjournment

Chairman Dunkum opened the floor for public comment. Joseph Brown introduced Faisal M. Hallaj, the State Director of the National Society of Accountants to the Board members. The members welcomed Mr. Hallaj to the meeting. With no other member of the public wishing to address the Board about an issue of concern to them, Mr. Dunkum moved to the next item of business.

**Public Comment
Period**

Upon a motion by Ms. Hersch, and seconded by Joan D. Clarke, CPA, the Board approved by unanimous vote the minutes from the Board meeting held on August 23, 2001. The members voting “**AYE**” were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Ms. Clarke, Mr. Goggin, Ms. Pocalyko, and Mr. Rogers.

**A. Approval of
Minutes from August
23, 2001 Board
Meeting**

Mr. Goggin presented a report about the mutual recognition agreement with Australia to the other members. He recommended that the Board should enter into the agreement. Nancy Taylor Feldman, Executive Director, suggested that the Board might want to consider an agreement with Canada as they move to approve one with Australia. Mr. Goggin said that he would do some more research on this topic and report back to the Board at their January meeting.

**B. Old Business:
1. Mutual Recognition
Agreement with
Australia – Roy
Goggin, Jr., CPA,
Board Member**

The Board authorized Ms. Feldman to sign the Memorandum of Understanding between the Board of Accountancy (BOA) and the Department of Accounts (DOA).

2. Memorandum of Understanding Between BOA and DOA

The Board discussed continuing the practice of issuing wall certificates. Ms. Feldman told the members that she would provide information about the costs of printing these certificates by other providers.

3. Policy Review:
a. Procedures for Issuance of Wall Certificates

The Board agreed to Jon E. Bischel's request to defer this item until the January meeting.

b. Acceptable Accounting and Business Coursework – 18 VAC 5-21-30 B 1 a & b – Jon Bischel, Board Member

Ms. Feldman provided to the members a report of the computer application development on the Board web site. She noted that the Board became independent of the Department of Professional and Occupational Regulation (DPOR) on October 31, and on-line renewals and regulant lookup were available at the beginning of November. The Board congratulated and commended the Executive Director and Board staff for all of their work to achieve the Board's goals.

4. Application Development Update

The Board continued the meeting by addressing items under 'New Business' and deferred the item under 'Enforcement' until 1 p.m.

D. New Business:
1. Enforcement Committee Report – Joan D. Clarke, CPA, Committee Chairman

Ms. Clarke presented the Enforcement Committee Report, which included cases transferred from DPOR on October 1, and new cases received by BOA since July 1.

Upon a motion by Mr. Dunkum, and seconded by Ms. Hersch, the Board approved by unanimous vote to adopt the statutory citation changes to the Board of Accountancy Regulations (18 VAC 5-21-10 et seq.) and to proceed to file the exempt action final regulations with the Registrar, and also to initiate the regulatory review process for new changes to the regulations. The members voting "AYE" were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Ms. Clarke, Mr. Goggin, Ms. Pocalyko and Mr. Rogers.

2. Regulatory Review

The Chairman asked the Board members to send any suggested changes to the regulations to Ms. Feldman by December 14. In addition, Ms. Feldman will create a timetable for the regulatory review process and present it to the members at their January meeting.

The members took a break from 11:00 a.m. to 11:12 a.m.

Break

The Chairman opened the floor to discussion about the topic of per diem payments in relation to a memorandum provided to all the members prior to the meeting. Mr. Bischel informed the other members that he had discussed this topic with a number of individuals at DPOR who worked for the Board during its time affiliated with that Department. He stated that the question about per diem might have to be resolved by litigation.

**3. Per Diem Payments
for Board Members**

Upon a motion by Howard L. Rogers, and seconded by Ms. Clarke, the Board approved by unanimous vote that this meeting be recessed and that the Board 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 as permitted by § 2.2-3711 A 7 of the *Code of Virginia*. The following non-members will be in attendance to reasonably aid the consideration of the topic: **Mr. Purcell, Ms. Feldman and Mr. D'Amato**. The members voting "AYE" were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Ms. Clarke, Mr. Goggin, Ms. Pocalyko and Mr. Rogers.

Begin Closed Meeting

This motion is made with respect to the matter(s) identified as agenda item(s): **D.3. Per Diem Payments for Board Members**

Upon a motion by Ms. Hersch, and seconded by Barbara S. Pocalyko, CPA, the Board approved by unanimous vote that the closed meeting, as authorized by § 2.2-3711 A 7 of the *Code of Virginia*, be adjourned and that the Board immediately reconvene in open public meeting. The members voting "AYE" were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Ms. Clarke, Mr. Goggin, Ms. Pocalyko and Mr. Rogers.

End Closed Meeting

Upon a motion by Ms. Hersch, and seconded by Mr. Rogers, the Board made the following motion:

**Certificate of Closed
Meeting**

WHEREAS, the Board of Accountancy has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, § 2.2-3712 A of the *Code of Virginia* requires a certification by this Board of Accountancy that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Board of Accountancy 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 Board of Accountancy.

Call for vote (each member must answer "Aye" or "Nay"):

Ellis M. Dunkum, CPA – Aye
Carole M. Hersch, CPA – Aye
Jon E. Bischel – Aye
Joan D. Clarke, CPA – Aye
Roy F. Goggin, Jr., CPA – Aye
Barbara S. Pocalyko, CPA – Aye
Howard L. Rogers – Aye

VOTE

AYES: Seven.

NAYS: None.

ABSENT DURING VOTE: None.

ABSENT DURING MEETING: None.

The Chairman informed the members that he had sent a letter to William E. Landside, State Comptroller, asking questions about the matter of per diem payments to Board members. He stated that he would provide this letter to each member by e-mail correspondence and would re-submit the letter if anyone had any substantive

**3. Per Diem Payments
for Board Members
(continued)**

changes.

Ms. Clarke requested that this item be placed on the agenda for the January meeting. She said that if they receive a response by that time, then the Board could set the parameters for payments. It was also indicated that it was important to coordinate this information with the creation of the Board's budget.

The members discussed a letter received from the Virginia Society of Certified Public Accountants (VSCPA).

4. Letter from VSCPA
Re: Revocation
Sanctions

Upon a motion by Mr. Goggin, and seconded by Ms. Hersch, the Board approved by unanimous vote a request that (i) the Executive Director send a letter to Ronald L. Gladstone, Allen L. Hirsch, Jeffrey A. Safford, Melinda M. Leith, Allan D. Kriemelmeyer, and Ioakim M. Calikusu and advise them that he or she may petition the Board to change the Board's order from revocation to suspension; and (ii) the Board authorize the Executive Director to respond to such petitions with a revised Board Order changing revocation to suspension without bringing such matter before the Board. The members voting "AYE" were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Ms. Clarke, Mr. Goggin, Ms. Pocalyko and Mr. Rogers.

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

Lunch

In the matter of **File Number 2001-0187, Board of Accountancy v. Adams, Akin, Jenkins & Cheatham PC**, the Board reviewed the record, which consisted of the investigative file, transcript and exhibits from the IFF, and the presiding officer's summary. Mr. Robert B. Smith III, attorney, and Mr. Frank Jenkins, Jr., President of Adams, Akin, Jenkins & Cheatham, PC, appeared on behalf of the respondent. Ms. Janis Richardson, Virginia State Corporation Commission (SCC), and Ms. Pamela Beckner, of the Office of General Counsel for the SCC, also attended. Mr. Smith, Mr. Jenkins and Ms. Richardson made presentations to the Board. Bonnie Rhea, Assistant Director of Enforcement at DPOR, was also present.

C. Enforcement:
1. File #2001-0187 –
Adams, Akin, Jenkins
& Cheatham, PC

Upon a motion by Mr. Goggin, and seconded by Mr. Rogers, the Board adopted by unanimous vote the summary and found that Adams, Akin, Jenkins & Cheatham, PC had not violated the following section of the Board's 1999 Regulations: **18 VAC 5-20-441(O)** (Count I) for practicing under a firm name that is false, misleading or deceptive. The members voting "AYE" were Mr.

Dunkum, Ms. Hersch, Mr. Bischel, Mr. Goggin, Ms. Pocalyko and Mr. Rogers. Ms. Clarke was out of the room and did not participate in the discussion and vote.

Upon a motion by Mr. Bischel, and seconded by Mr. Goggin, the Board adopted by majority vote the summary and found that Adams, Akin, Jenkins & Cheatham, PC had not violated the following section of the Board's **1999** Regulations: **18 VAC 5-20-441(D)** (Count II) for being independent in fact and appearance when offering to provide services. The members voting "**AYE**" were Ms. Hersch, Mr. Bischel, Mr. Goggin, Ms. Pocalyko and Mr. Rogers. The member voting "**NAY**" was Mr. Dunkum. Ms. Clarke was out of the room and did not participate in the discussion and vote.

The members took a break from 2:30 p.m. to 2:45 p.m. John B. Purcell, Jr., Assistant Attorney General, left the meeting at 2:30 p.m.

Break

The Board continued the meeting by addressing items under 'New Business'.

D. New Business:
(continued)

Stephanie Peters, Public Affairs Director, Virginia Society of Certified Public Accountants (VSCPA), made a presentation to the Board suggesting that they follow the practice of the American Institute of Certified Public Accountants (AICPA) that Statement on Standards for Accounting and Review Services (SSARS) No. 8 not be part of peer review.

5. Peer Review:
a. Effect of SSARS No. 8 on Peer Review

Upon a motion by Ms. Pocalyko, and seconded by Ms. Clarke, the Board agreed by unanimous vote to interpret its regulations under the subsection titled 'Report Review' in the Board's **2001** Regulation **18 VAC 5-21-70 D 3** to exclude engagements of the nature described in SSARS No. 8. Further, the Board agreed to amend this regulation to clarify that such engagements are exempt from the peer review requirements. The members voting "**AYE**" were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Ms. Clarke, Mr. Goggin, Ms. Pocalyko and Mr. Rogers.

The Board reviewed a request from the National Society of Accountants (NSA) to perform peer reviews. Mr. Goggin and Mr. Bischel were asked to look into this matter and report to the Board at their January meeting.

b. Request from NSA to Perform Peer Reviews

The Board discussed the review by a Board member of applications from non-substantially equivalent states. It was agreed that the staff would only forward to a Board member for consultation those applications for which the staff needed advice.

6. Policy Review:
a. Applications from Non-Equivalent States – Jon E. Bischel, Board Member

The Board reviewed the previous approval of candidates for examination who lacked up to 2 semester hours that resulted from converting their credit hours from quarter hours. Such a conversion usually resulted in the exam candidate lacking 1 to 2 semester hours.

b. Accounting and Business Coursework Deficiency under Quarter Hour System

Upon a motion by Mr. Goggin, and seconded by Mr. Bischel, the Board approved by unanimous vote to accept up to a 2 semester hour deficiency for candidates for examination if such deficiency resulted from converting quarter hours to semester hours. The members voting “**AYE**” were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Ms. Clarke, Mr. Goggin, Ms. Pocalyko and Mr. Rogers.

The members agreed to hold Board meetings on the following dates: January 4, April 24, June 26, September 25, and December 11, 2002.

7. Approval of Meeting Dates

The Board discussed the Annual Meeting of the National Association of State Boards of Accountancy (NASBA) held in October. The members congratulated Mr. Dunkum on being elected the Regional Director of the Mid-Atlantic Region for NASBA.

8. NASBA Annual Meeting – Report

The Board discussed a draft agreement among NASBA, AICPA and Prometric that is to be sent to state boards of accountancy by the end of November or the beginning of December. This contract relates to the computerization of the CPA Examination. The Chairman stated that he did not see a need for Board members to review the contract in detail but instead to limit any review to the summary as the Board is a beneficiary of, but not a party to, this contract. He also pointed out that the Board needed to focus on issues such as processing applications to sit for the CPA Examination and whether to use Prometric to administer the computer exam.

The Board agreed that a draft agreement should be forwarded to the Board Counsel for review, and that it should invite him to attend the January meeting to provide a report on his findings.

The Board discussed the November CPA exam. Mr. Goggin requested that the Executive Director review the Report of Exam Policy and Procedures to see if the Board has these items in its own Policy and Procedures Manual.

9. November Uniform CPA Exam – Report

After discussing this matter, the Board agreed that this was not a function of the Board, and that the Executive Director should write a letter to respond that this is outside of the Board’s responsibility.

10. Letter Re: Accountants in Recovery

The Board briefly discussed the Exposure Draft of the Uniform Accountancy Act (UAA) for 2002, and was told by the Chairman that comments were due by December 31, 2001. The Chairman requested members to submit any comments as individual Board members. The members agreed to discuss how these changes might affect their regulations as part of regulatory review at their January meeting.

11. UAA Exposure Draft

The Chairman announced that he would attend the Examination Conference on January 9, 2002.

12. Various Future NASBA Meetings:
a. Examination Conference, January 9, 2002

Upon a motion by Ms. Hersch, and seconded by Mr. Rogers, the Board approved by unanimous vote that Nancy Taylor Feldman, Executive Director, attend the Executive Directors’ Conference on February 10-13, 2002, if possible. The members voting “**AYE**” were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Ms. Clarke, Mr. Goggin, Ms. Pocalyko and Mr. Rogers.

b. Executive Directors’ Conference, February 10-13, 2002

The Board discussed the future attendance of its legal counsel to the appropriate out-of-state meetings. Ms. Feldman suggested the Chairman contact Richard Zorn, of the Attorney General’s Office, to indicate that the Board is no longer opposed to counsel attending these meetings.

c. Legal Counsel Meeting, February 10-13, 2002

The Board agreed to send two questions: (1) What is the practice of other state boards when licensees from states other than their own come into their state and practice? and (2) How do other state boards deal with foreign credential evaluation services?

13. NASBA Focus Questions for This Quarter

The Board agreed to defer these items until their January meeting.

The members also briefly discussed the fourth permanent position on the Board staff. They agreed to refer this matter to the Personnel Committee of Mr. Dunkum and Mr. Rogers to develop a job description and report to the Board at their January meeting.

Chairman Dunkum asked the other members to complete their conflict of interest forms.

With no further business coming before the Board, upon a motion by Ms. Hersch, and seconded by Ms. Pocalyko, the meeting was adjourned by unanimous vote at 4:55 p.m. The members voting “**AYE**” were Mr. Dunkum, Ms. Hersch, Mr. Bischel, Ms. Clarke, Mr. Goggin, Ms. Pocalyko and Mr. Rogers.

14. Financial Information and Board Statistics
a. Licensee Statistics
b. Board Recess
c. Disciplinary Cases
d. Financial Information as of September 30, 2001

Completion of Conflict of Interest Forms

Adjournment

Ellis M. Dunkum, CPA, Chairman

COPY TESTE:

Nancy Taylor Feldman, Executive Director