

DRAFT/UNAPPROVED for January 24, 2012
THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Tuesday, January 24, 2012 in Board Room 3 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: Lawrence D. Samuel, CPA, Chairman
Dian T. Calderone, MTX, CPA, Vice Chairman
Tyrone E. Dickerson, CPA, Immediate Past Chairman
W. Barclay Bradshaw, CPA
Robert J. Cochran, Ph.D., CPA

MEMBERS ABSENT: Andrea M. Kilmer, CPA, CFF
Regina P. Brayboy, MPA, MBA

STAFF PRESENT: Wade A. Jewell, Executive Director
Dreana L. Gilliam, Board Administrator
Chantal K. Scifres, Deputy Director
Lisa J. Carson, Communications & Training Director

**STAFF PRESENT FOR
A PORTION OF THE
MEETING:** Mary T. Charity, Licensing & Examinations Manager

**LEGAL COUNSEL
PRESENT FOR A
PORTION OF THE
MEETING:** Cynthia H. Norwood, Senior Assistant Attorney General

**PRESENT FOR A
PORTION OF
THE MEETING:** Stephanie Peters, CAE, CEO, Virginia Society of Certified Public
Accountants
Maureen Dingus, Executive Vice President, Virginia Society of
Certified Public Accountants
Darshae Dabney, Peer Review Administrator, Virginia Society of
Certified Public Accountants
Linda Newsom, Education Director, Virginia Society of Certified Public
Accountants
Kenneth J. Abod, Jr.
Stephen D. Rosenthal, Attorney for Kenneth J. Abod, Jr.
Alan Gernhardt, Esq., Staff Attorney, Virginia Freedom of Information
Advisory Council
Samuel E. Johnson, CPA, PROC Chairman
Nadia Rogers, CPA, PROC Committee Member
Douglas L. Bowles, CPA, PROC Committee Member

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CALL TO ORDER

Chairman Samuel called the meeting to order at 10:10 a.m.

SECURITY BRIEFING

Ms. Gilliam provided the emergency evacuation procedures.

DETERMINATION OF QUORUM/APPROVAL OF AGENDA

After the declaration of a quorum by Mr. Samuel, upon a motion by Mr. Bradshaw and duly seconded, the members voted unanimously to approve the January 24, 2012 agenda with revisions. The members voting “**AYE**” were Mr. Dickerson, Ms. Calderone, Mr. Samuel, Dr. Cochran, and Mr. Bradshaw.

APPROVAL OF MEETING MINUTES

Upon a motion by Mr. Dickerson and duly seconded, the members voted unanimously to approve the December 7, 2011 meeting minutes as amended. The members voting “**AYE**” were Mr. Dickerson, Ms. Calderone, Mr. Samuel, Dr. Cochran, and Mr. Bradshaw.

PUBLIC COMMENT PERIOD

No public comment made.

FOIA TRAINING

Alan Gernhardt, Esquire, Staff Attorney, Virginia Freedom of Information Council acting as the facilitator provided the annual training regarding the procedural requirements for conducting meetings that comply with FOIA (§ 2.2-3700 et. seq. of the Code of Virginia).

BOARD MEMBER/COMMITTEE UPDATES

Mr. Samuel, as Chair of the AICPA Board of Examiners (BOE) State Board Committee (SBC), reported that the BOE and SBC will meet next week in Las Vegas, Nevada. The committee will discuss expansion of the international testing sites and other general committee business. Mr. Samuel will notify Mr. Jewell if anything occurs that will directly affect the VBOA.

Mr. Jewell led the discussion regarding Regulatory/Legislative updates. He reported that while attending the Governor’s Agency Head Summit on December 13, 2011, he had the opportunity to discuss the status of the proposed fee increase package with Jasen Eige, Counselor and Senior Policy Advisor to the Governor. Mr. Eige advised that as a result of a VBOA generated budget decision package (new positions) that was not being approved by the Governor for inclusion in the budget bill, the package would require revision prior to approval. Mr. Jewell received guidance from the Secretary/Governor’s Office regarding changes/next steps in order to move the proposed fee package forward. Accordingly, a revised fee package has been submitted. The Office of the Attorney General (OAG) and the Department of Planning and Budget (DPB) have reviewed the revised package and completed their portion of approvals/updates. The VBOA is now awaiting Governor’s Office approval. Once approved, the fee package will go out for public comment. The Board will consider public comment prior to submitting the Final Stage package.

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Mr. Jewell advised the Board that as a result of the VBOA's request for additional full-time positions being denied, budget projections were adjusted and the licensing fees for individuals and firms were adjusted accordingly. The adjustments were made in consultation with Larry Samuel, Board Chairman, and Chantal Scifres, VBOA Deputy Director. Mr. Jewell provided a handout reflecting the revised fees and requested board approval. Following a discussion, upon a motion by Mr. Dickerson and duly seconded, the members voted unanimously to approve the proposed fee as presented January 24, 2012.

Mr. Samuel, as a liaison to the CPE Ethics Committee, led the discussion regarding the status of the 2012 Ethics CPE outline and corresponding handouts. The 2012 Ethics Outline will include a handout addressing the types of services (specifically volunteer) that can and cannot be provided without obtaining firm licensure and therefore subject to peer review. The foundation and framework for the volunteer services handout has almost been completed. Mr. Samuel, Mr. Jewell and Mr. Bradshaw will meet following today's meeting to discuss next steps to complete this project.

Mr. Dickerson, as a member of the NASBA Enforcement Resource Committee, reported on the first meeting of the full committee. The meeting was held on Monday, December 12, 2011 in Phoenix, AZ. The committee is in the process of developing an Enforcement Resource Guide (formerly Enforcement Manual). The Resource Guide is currently under review by several sub-committees and NASBA groups. A follow-up conference call was held on January 18, 2012. Comments and/or revisions were submitted for consideration of the draft. Once the revisions and comments have been implemented copies of the guide will be forwarded to all Executive Directors for further review, discussion, and input. The committee plans to incorporate all revisions and submit the Resource Guide for final review in April 2012. The goal is to submit a final product to NASBA's Board of Directors at their May 2012 meeting.

EXECUTIVE DIRECTOR'S REPORT

Mr. Jewell presented general updates regarding the VBOA.

- Delegate Christopher K. Peace has introduced legislation (HB 275) on behalf of the VSCPA (as discussed and supported by the VBOA). HB 275 provides that tax returns, financial statements, and other financial information that is not generally available to the public through regulatory disclosure or otherwise, subdivision 3 of § 54.1-108 notwithstanding, provided to the Board by a complainant or as a result of an investigation of a licensee by the Board in response to a complaint shall be exempt from the provisions of the Virginia Freedom of Information Act.

The proposed bill was originally meant to be included in the FOIA statute. However, the bill was included in the VBOA statute and was approved unanimously by the House of Delegates General Laws Committee as of this morning (January 24, 2012). If approved by the full House, the bill will be sent to the Senate for consideration.

There have also been two proposed bills that would have an impact on the VBOA if approved as introduced. House Bill 937 – Expediting the issuance of licenses, etc. to spouses of military service members; temporary licenses., and House Bill 938 – Qualifications for licensure, etc.; substantially equivalent military training and education. Both bills contradict existing VBOA statute and create some potential problems for the VBOA. The VSCPA is working closely with the patron and the VBOA Executive Director to ensure that language is adopted that does not create conflicts and/or problems for the VBOA.

Senate Bill 422 - Commissioners of accounts; certified public accountants may serve thereas, was passed by. House Bill 341 - Auditor of Public Accounts; procurement of private accountants and

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auditing firms, does not directly affect the VBOA, but could have an impact on state agencies in general and the cost of audits. This could, however, have an impact on the CPA profession. The VSCPA is closely monitoring this and all legislative action that potentially could affect CPAs and the VBOA during the 2012 General Assembly session.

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EXECUTIVE DIRECTOR'S REPORT - *continued*

- The NASBA Nominating Committee is seeking the Board's recommendations for Vice Chair of NASBA for the 2012-2013 year. The VBOA has received two requests for support for the NASBA Vice Chair position: Walter Davenport, North Carolina, Director-at-Large and Carlos Johnson, Oklahoma, Director-at-Large. After some discussion and upon a motion by Mr. Dickerson and duly seconded, the members voted unanimously to support Walter Davenport for NASBA Vice Chair.
- Mr. Jewell will attend NASBA's Annual Executive Directors Conference March 10-14 in San Antonio, Texas. Josh Lief, Board Legal Counsel plans to attend NASBA's Annual Legal Counsel Conference on March 11-13. The VBOA will pay for Mr. Lief's conference/travel expenses; however, Mr. Lief will not bill the agency for his attendance.
- The NASBA Eastern Regional Meeting will be held June 13-15, 2012 in Philadelphia. New Board members are entitled to attend at NASBA's expense. Mr. Jewell will work with the new Board members, Mr. Samuel and Mr. Dickerson to determine Board attendance at this meeting. The NASBA Annual Meeting will be held in October 2012 in Orlando, Florida.
- Mr. Jewell led the discussion regarding substantial equivalency. Pennsylvania and Wyoming are now considered substantially equivalent. Board staff will research historical documents for a previously implemented policy. Mr. Samuel and Mr. Jewell will bring forth recommendations at an upcoming Board meeting. In the interim, each request for licensure made by Pennsylvania or Wyoming individuals will be discussed with Mr. Jewell and Mr. Samuel and will be handled on a case-by-case basis.

PEER REVIEW OVERSIGHT COMMITTEE (PROC) PRESENTATION

Mr. Samuel asked the members of the board and the PROC members to introduce themselves. As the Chairman of the PROC, Mr. Johnson provided an overview of the committee's progress to date. In addition, he provided a brief summary of the expertise each member brings to the table. He advised the members that the primary goal of the PROC is to oversee the Peer Review process to ensure that it is being fairly and uniformly applied. Additionally, the committee will educate the members regarding the peer review standard operating procedures and report annually to the full board. Mr. Bowles provided a detailed overview of the peer review process requirements from enrollment to the actual review. Following the comprehensive discussion Mr. Bowles opened the floor for a question and answer period.

Ms. Rodgers then provided a brief summary of her background/role and her recent experience attending previously held VSCPA Peer Review Committee meetings as a PROC member. Ms. Rodgers reported on the VSCPA Peer Review Committee's June 14, 2011 and October 25, 2011 meetings, and reported she attended one meeting by conference call. She provided a summary of events and advised the members

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that the Peer Review committee members were very professional, interactive, and knowledgeable. In addition, they strived to come to fair conclusions on each review considered. She led the discussion regarding the AICPA Oversight feedback provided by Randy Watson, Chair, Oversight Task Force of the AICPA Peer Review Board following the meeting. The VSCPA received a clean report and, per Mr. Watson, is considered more automated than most states. In addition, Virginia is considered one of the most peer review-involved states. He praised the Technical Reviewers but advised they could do a better job of monitoring feedback. He also identified instances where the peer reviewers failed to meet the required due dates (one review wherein financial statements were not removed from the file within 120 days) and a Peer Reviewer(s) that did not have the appropriate expertise to perform a review.

Mr. Samuel thanked the PROC members for accepting the task as representatives of the VBOA. He advised that the VBOA committee should trust but verify the process and the feedback provided will identify the exposures to potential risks. Mr. Johnson stated that as independent observers the PROC is interested in feedback from the board. He thanked the members for allowing the committee to speak. Mr. Samuel thanked the PROC members and Darshae Dabney, Peer Review Administrator, VSCPA for assisting in the process.

EXECUTIVE DIRECTOR'S REPORT – *continued*

- Mr. Jewell led the discussion regarding the December Financial and Board Reports.
- Discussions were also held regarding the requirements for firm licensure and the statutory requirement for enrollment in a board approved monitoring program ([§ 54.1-4412.1, D.6.](#), Code of Virginia). The firm licensure renewal process will be closely examined and revised as necessary.

CONFLICT OF INTEREST TRAINING

Ms. Gilliam led the Board members through an on-line presentation of the required Conflict of Interest Training.

FUTURE MEETING DATES

Thursday, April 26, 2012
Thursday, May 10, 2012 (Annual Planning Meeting)
Tuesday, June 26, 2012

CONFLICT OF INTEREST FORMS/TRAVEL EXPENSE VOUCHERS

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

BEGIN CLOSED MEETING

Upon a motion by Mr. Dickerson, 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 the status of open Enforcement cases, and case #2011-D0009, #2010-D0011, #2010-D0016, and #2011-D0011 regarding disciplinary matters relating to enforcement cases lawfully exempted from open meeting requirements within the jurisdiction of the VBOA as permitted by **§ 2.2-3711.A.27** of the *Code of Virginia*. The following non-members were in attendance to reasonably aid the consideration of the topic: Cynthia Norwood, Senior Assistant Attorney General, Wade A. Jewell, Executive Director, and

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Dreana L. Gilliam, Board Administrator. The members voting “**AYE**” were Mr. Samuel, Ms. Calderone, Mr. Dickerson, Dr. Cochran, and Mr. Bradshaw.

END CLOSED MEETING

Upon a motion by Mr. Dickerson, 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.

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 Board 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 – Not Present/Did Not Vote
Robert Cochran, Ph.D., CPA – Aye
Lawrence D. Samuel, CPA – Aye
Tyrone E. Dickerson, CPA – Aye
W. Barclay Bradshaw, CPA – Aye
Regina P. Brayboy, MPA, MBA – Absent
Andrea M. Kilmer, CPA, CFF – Absent

VOTE

AYES: Four (4)
NAYS: None.

The following actions were taken as a result of the closed session:

Case #2010-D0016 Abod (*Calderone & Kilmer*)

Ms. Calderone was not present and Ms. Kilmer was absent for the entire meeting and did not participate in this discussion (or subsequent vote).

In the matter of Case #2010-D0016 (Abod), Mr. Abod was present and represented by counsel during the closed session portion of the meeting relative to this case.

Upon a motion by Mr. Dickerson and duly seconded the members agreed to accept the Presiding Officer’s recommendation as presented, which includes the following terms and conditions: license suspension to run concurrent with the SEC suspension, provide proof of his application for reinstatement before the SEC prior to the reinstatement of his CPA with the Board, payment of an administrative fee, and acknowledge in writing that he has not practiced since the fall of 2009.

CALL FOR VOTE:

Dian T. Calderone, MTX, CPA – Not Present/Did Not Vote
Robert Cochran, Ph.D., CPA – Aye
Lawrence D. Samuel, CPA – Aye
Tyrone E. Dickerson, CPA – Aye

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W. Barclay Bradshaw, CPA – Aye
Regina P. Brayboy, MPA, MBA – Absent
Andrea M. Kilmer, CPA, CFF – Absent

VOTE

AYES: Four (4)

NAYS: None.

Case #2010-D0011 Vance (*Calderone & Kilmer*)

Ms. Calderone was not present and Ms. Kilmer was absent for the entire meeting and did not participate in this discussion (or subsequent vote).

Dr. Cochran and Mr. Bradshaw abstained from the vote due to not being appointed to the Board at the time of the initial review of this case.

In the matter of Case #2010-D0011 (Vance), Mr. Vance was not present nor represented by counsel.

Upon a motion by Mr. Dickerson and duly seconded the members agreed to accept the Consent Order as presented, which includes the following terms and conditions: a reprimand, 20 additional hours of Continuing Professional Education (CPE) in IRS Circular 230, AICPA Code of Conduct, and the AICPA Standards for Tax Services (SSTS), an additional 20 hours of CPE on Federal Income Tax Laws, and payment of an administrative fee.

CALL FOR VOTE:

Dian T. Calderone, MTX, CPA – Not Present/Did Not Vote
Robert Cochran, Ph.D., CPA – Abstained
Lawrence D. Samuel, CPA – Aye
Tyrone E. Dickerson, CPA – Aye
W. Barclay Bradshaw, CPA – Abstained
Regina P. Brayboy, MPA, MBA – Absent
Andrea M. Kilmer, CPA, CFF – Absent

VOTE

AYES: Two (2)

NAYS: None.

Case#2011-D0009 Kresslein (*Calderone & Kilmer*)

Ms. Calderone was not present and Ms. Kilmer was absent for the entire meeting and did not participate in this discussion (or subsequent vote).

In the matter of Case #2011-D0009 (Kresslein), Mr. Kresslein was not present nor represented by counsel.

Upon a motion by Dr. Cochran and duly seconded, the members agreed to accept the Consent Order as presented, which includes the following terms and conditions: a reprimand, prepare and submit a 1,000 word essay detailing his responsibilities of what the requirements are to be licensed as a CPA in the Commonwealth and payment of an administrative fee.

CALL FOR VOTE:

Dian T. Calderone, MTX, CPA – Not Present/Did Not Vote

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Robert Cochran, Ph.D., CPA – Aye
Lawrence D. Samuel, CPA – Aye
Tyrone E. Dickerson, CPA – Aye
W. Barclay Bradshaw, CPA – Aye
Regina P. Brayboy, MPA, MBA – Absent
Andrea M. Kilmer, CPA, CFF – Absent

VOTE

AYES: Four (4)

NAYS: None.

Case#2011-D0011 McCann (*Calderone & Kilmer*)

Ms. Calderone was not present and Ms. Kilmer was absent for the entire meeting and did not participate in this discussion (or subsequent vote).

In the matter of Case #2011-D0011 (McCann), Mr. McCann was not present nor represented by counsel.

As a result of information received from Mr. McCann's counsel, upon a motion by Mr. Dickerson and duly seconded, the board by unanimous vote remanded the case back to the Enforcement Committee for further consideration.

CALL FOR VOTE:

Dian T. Calderone, MTX, CPA – Not Present/Did Not Vote
Robert Cochran, Ph.D., CPA – Aye
Lawrence D. Samuel, CPA – Aye
Tyrone E. Dickerson, CPA – Aye
W. Barclay Bradshaw, CPA – Aye
Regina P. Brayboy, MPA, MBA – Absent
Andrea M. Kilmer, CPA, CFF – Absent

VOTE

AYES: Four (4)

NAYS: None.

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Mr. Samuel and duly seconded, the meeting was adjourned by unanimous vote at 4:47 p.m. The members voting "AYE" were Mr. Dickerson, Mr. Samuel, Mr. Bradshaw, and Dr. Cochran.

APPROVED:

Lawrence D. Samuel, CPA, Chairman

COPY TESTE:

Wade A. Jewell, Executive Director