

DRAFT/UNAPPROVED for January 8, 2013
THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Tuesday, January 8, 2013 in Board Room 4 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: Tyrone E. Dickerson, CPA, Chairman
Andrea M. Kilmer, CPA, CFF, Vice Chairman
W. Barclay Bradshaw, CPA
Robert J. Cochran, Ph.D., CPA
Marc B. Moyers, CPA
Stephanie S. Saunders, CPA

MEMBERS ABSENT: Regina P. Brayboy, MPA, MBA

STAFF PRESENT: Wade A. Jewell, Executive Director
Dreana L. Gilliam, Board Administrator
Chantal K. Scifres, Deputy Director
Jean Grant, Enforcement Manager
Valeria S. Riberio-Quimpo, Financial & Procurement Coordinator

**LEGAL COUNSEL
PRESENT FOR A
PORTION OF
THE MEETING:**

Joshua Lief, Senior Assistant Attorney General

**PRESENT FOR A
PORTION OF
THE MEETING:**

Stephanie Peters, CAE, CEO, Virginia Society of Certified Public Accountants
Emily Walker, Government Affairs Director, Virginia Society of Certified Public Accountants
Linda Newsom, Education Director, Virginia Society of Certified Public Accountants
Darshae Dabney, Technical Services Specialist, Virginia Society of Certified Public Accountants
Roy D. Peters, CPA, Executive Committee Member, Virginia Society of Certified Public Accountants
James L. Phillips, CPA, Managing Partner, KPMG
William Bishop, CPA, Managing Partner, PriceWaterhouseCoopers
Anthony Abrams, CPA, Abrams Financial Services
Samuel E. Johnson, CPA, PROC Chairman
Nadia Rogers, CPA, PROC Committee Member
Douglas L. Bowles, CPA, PROC Committee Member
April Gunn, CPA, CISA, Director, Auditor of Public Accounts
Holly J. Garvin, Specialist, Reporting and Standards Team, Auditor of Public Accounts

CALL TO ORDER

Chairman Dickerson called the meeting to order at 10:07 a.m.

SECURITY BRIEFING

Ms. Gilliam provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Chairman Dickerson determined there was a quorum present.

APPROVAL OF AGENDA

Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the January 8, 2013 agenda as amended. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Moyers, Mr. Bradshaw, Ms. Saunders and Dr. Cochran.

APPROVAL OF MEETING MINUTES

Upon a motion by Mr. Bradshaw and duly seconded, the members voted unanimously to approve the November 13, 2012 meeting minutes as amended. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Bradshaw, Mr. Moyers, Ms. Saunders and Dr. Cochran.

WELCOME AND INTRODUCTIONS

Chairman Dickerson welcomed the guests and asked that they introduce themselves.

PUBLIC COMMENT PERIOD

Although members of the public were present no comments were made at this time.

FY2012 APA AUDIT/ENTRANCE PRESENTATION

April Gunn, CPA, Director and Project Manager, Auditor of Public Accounts (APA) led the discussion regarding the VBOA annual audit (FY12). The FY12 audit is scheduled to begin in the next couple of weeks. Ms. Gunn provided information regarding the roles and responsibilities in the audit process and the planned scope of the audit. Ms. Gunn advised fraud risks will be assessed by conducting interviews of selected VBOA staff. Ms. Gunn anticipates the audit will be completed by the end of February 2013. Ms. Gunn indicated that she would be available for presentation at the following Board meeting, if requested. Holly Garvin, Specialist, Reporting and Standards Team, APA will work closely with the Deputy Director, Chantal Scifres to complete the annual audit.

PEER REVIEW OVERSIGHT COMMITTEE (PROC) UPDATE/PRESENTATION

Mr. Moyers, as the Board Liaison to the PROC provided a brief overview of the Committee and its duties and responsibilities. On June 30, 2010 the Board adopted a policy to create a committee to oversee the peer review monitoring program. The PROC is charged with developing an annual report after reviewing policies/procedures of the program, attending meetings, etc. The PROC is independent of this Board.

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He advised that the current report will encompass July 1, 2010 - December 31, 2012. Mr. Moyers then turned the floor over to Sam Johnson, PROC Chairman. Mr. Johnson thanked Wade Jewell, Executive Director, and PROC committee members Doug Bowles and Nadia Rogers for their input and contributions. Further, he reported that Darshae Dabney of the VSCPA was an invaluable resource. Lastly, he reported that the members of the VSCPA's Peer Review Committee were both open and forthcoming during each visit and the transparency was greatly appreciated. The PROC members also viewed part of their charge to educate and assist VBOA members that are currently not involved in the peer review process. The PROC, since formed, has provided two educational presentations to the full board - one led by Jim Brackens, CPA, AICPA and the other by Doug Bowles, CPA.

Chairman Dickerson and Mr. Jewell each thanked the members of the PROC for their hard work and dedication to protecting the citizens of the Commonwealth.

Upon a motion by Mr. Bradshaw and duly seconded, the members voted unanimously to approve the Peer Review Oversight Committee Report as presented. The members voting "AYE" were Mr. Dickerson, Ms. Kilmer, Mr. Bradshaw, Mr. Moyers, Ms. Saunders and Dr. Cochran.

BOARD MEMBER/COMMITTEE UPDATES

Mr. Dickerson, as a member of the National Association of State Boards of Accountancy (NASBA) Enforcement Resource Committee, reported on the January 2013 meeting held in Dallas, Texas. Seven of the twelve committee members were in attendance. Gaylen Hansen, NASBA's Chair for 2012-13, provided an overview of his vision for NASBA's future. The Enforcement Guide was developed in order to provide Accountancy Boards with a wealth of information on practices in enforcement. It is intended to be used as a resource in developing or enhancing Boards enforcement systems. The Committee also plans to provide resources to Accountancy Boards for investigators, through an investigator portal. Virginia was very instrumental in putting this guide together. Many of the VBOA practices were utilized. Mr. Dickerson recommended taking a proactive approach to dealing with the possibility of foreign firms providing audit services in the Commonwealth. Several states have reported having issues with foreign firms coming into their states and performing audits without obtaining the proper licensure. Communication is key; we must stop these firms before the audit has been performed. Mr. Jewell indicated that he would be contacting the Texas Board of Accountancy to discuss with them their processes for finding and dealing with such foreign firms.

Ms. Kilmer, as a member of NASBA's Board Effectiveness and Legislative Committee led the discussion regarding the committee's first meeting held in December 2012. This committee is charged with developing strategies to assist Boards of Accountancy in efforts to improve effectiveness and support the Director of Legislative Affairs in developing an effective legislative strategy. The VBOA has been successful with assistance from the VSCPA in addressing legislative issues. Other states have not been so lucky. The committee hopes to provide assistance to states with legislative needs (i.e., achieving or maintaining autonomy). The goal is to develop a legislative network to learn and exchange information among the jurisdictions. The committee plans to meet again in February.

Mr. Jewell led the discussion regarding the NASBA Accountancy Licensee Database (ALD) and CPAverify. Currently 39 jurisdictions are enrolled in the ALD and 35 in CPAverify. The committee was scheduled to meet today; however, due to this meeting Mr. Jewell was unable to attend. Laurie J. Tish, CPA is the 2013 Chair. Mr. Jewell will continue to participate and keep the Board informed on the status.

EXECUTIVE DIRECTOR'S REPORT

Deputy Director Chantal Scifres presented an overview of the draft Financial Statements. Following the comprehensive review and discussion upon a motion by Ms. Kilmer and duly seconded, the members voted unanimously to accept the draft Financial Statements as presented. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Bradshaw, Mr. Moyers, Ms. Saunders and Dr. Cochran. Mr. Jewell thanked Ms. Scifres for her work in improving and overseeing the agency internal/financial controls.

Mr. Jewell led the discussion regarding the Governor’s Regulatory Reform initiative. Governor McDonnell has charged regulatory agencies to conduct a comprehensive review of regulations currently in place and repeal regulations that are unnecessary or no longer in use, reduce unnecessary regulatory burdens on individuals, businesses, and other regulated groups, and identify statutes that require unnecessary or overly burdensome regulations. The Board of Accountancy regulations were revised effective September 16, 2010 utilizing similar techniques. Following a comprehensive review of the VBOA regulations by Mr. Jewell, Dr. Cochran, and the VSCPA, it has been determined that due diligence has been performed and no findings that meet the definition of regulatory reform were found. Although the VBOA regulations do not require reform at this time, Mr. Jewell will continue to follow the progress of the Governor’s initiative.

Mr. Jewell reported that the NASBA Nominating Committee is seeking the Board’s recommendations for Vice Chair of NASBA for the 2013-2014 year. The VBOA has received two requests for support for the NASBA Vice Chair position. After some discussion and upon a motion by Mr. Dickerson and duly seconded, the members voted unanimously to support Walter Davenport, CPA from North Carolina, for the position of NASBA Vice Chair. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Bradshaw, Mr. Moyers, Ms. Saunders and Dr. Cochran.

Mr. Jewell led the discussion regarding Board Policy #2 (Sponsors Providing CPE) and Board Policy #4 (CPE Guidelines). Board Policy #2 was approved at the September 18 board meeting. However, a minor revision has been made. Upon a motion by Ms. Kilmer, and duly seconded, the members voted unanimously to adopt Board Policy #2 as revised. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Bradshaw, Mr. Moyers, Ms. Saunders and Dr. Cochran. Following a comprehensive discussion and review upon a motion by Mr. Moyers, and duly seconded, the members voted unanimously to adopt Board Policy #4 with amended changes. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Bradshaw, Mr. Moyers, Ms. Saunders and Dr. Cochran.

Mr. Jewell reported that he also created Board Policy #7 to document the Peer Review Oversight Committee which was approved as a policy by unanimous vote on June 30, 2010 and became effective July 1, 2010.

Upon a motion by Ms. Kilmer, and duly seconded, the members voted unanimously to approve the following action; As of January 8, 2013, the Board hereby rescinds all policies previously approved by the Board with the exception of Board Policies #1 - #7 (reaffirmed in the past year). The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Mr. Bradshaw, Mr. Moyers, Ms. Saunders and Dr. Cochran.

Mr. Jewell presented general updates regarding the VBOA.

- Mr. Jewell led the discussion regarding the status of the fee increase. Although the fee increase was effective January 1, 2013, the required system updates necessary to accept the revised fees allowed for a brief grace period. The new fees went live effective January 4, 2013. Only one new fee type has created a problem – the CPA Re-Exam Fee. DHP is working with Systems

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Automation (SA) to create this new fee-type. At this time there is no specific time frame for a fix to this new fee type.

- Mr. Jewell led the discussion regarding the three 2013 Legislative Proposals submitted to the Secretary's Office for consideration. Only one of the three proposals was accepted (the recommendation to add a statute of limitations for filing complaints). Mr. Jewell has been contacted by the Secretary's office and advised that the Board will need to obtain a Patron for the proposal. The Delegate chosen initially has indicated he has reached his maximum number of bills and is unable to provide assistance. Ms. Walker has reached out to another Delegate and Mr. Jewell has contacted him. Mr. Jewell is currently awaiting a response. Mr. Jewell plans to discuss potential 2014 Legislative proposals at the May 2013 Planning Meeting. The current General Assembly session will begin January 9 and Mr. Jewell will continue to monitor the activities and notify the Board of any issues.
- The Winter 2012 E-newsletter was posted on the Board website December 4. The E-newsletter focused on the fee increase. The E-newsletter has received positive feedback.
- The AICPA volunteer services application is available for the 2013-2014 volunteer years. The AICPA is seeking volunteers for a variety of committees and detailed information can be found by selecting Volunteer Central on the AICPA website. AICPA President and CEO, Barry Melancon recently released the 2012 Year in Review. Mr. Jewell also participated in a webinar covering the year's events. The topics of discussion included but were not limited to the following; 1) California, the District of Columbia, and Puerto Rico all recently passed mobility laws, 2) Autonomy/consolidation of State Board of Accountancy, and 3) Financial Accounting Standards Board chairman Leslie Seidman and International Accounting Standards Board chairman Hans Hoogervorst express disagreements over IFRS. Mr. Jewell will continue to monitor activities within the AICPA and will keep the members informed of any major issues.
- NASBA will hold its Annual Conference for Executive Directors and Board Staff on March 3 - 6, 2013 in Tucson, Arizona. Mr. Jewell and Ms. Scifres will attend. The NASBA Eastern Regional Meeting (which includes the New Board Member Orientation) will be held on June 26 -28, 2013 in Chicago, Illinois. NASBA will provide scholarships for new Board members attendance. Mr. Jewell plans to attend. Ms. Kilmer will attend as the current Vice Chair of the Board. Other members should let Mr. Jewell know if they are interested in attending so that he may gain approval of travel and scholarships.
- Chairman Dickerson, Mr. Jewell and five staff members visited the Patrick Henry Building and met with the Governor to receive the one-of-a-kind handcrafted ceramic bowl created by potters Rick Erickson and Kendra Spicer from Farmville, VA for winning the first "Governor's Bowl Food and Fund Drive."
- Mr. Dickerson reported that NASBA has announced the Prometric hourly exam fee will increase in 2014 (2.2% COLA adjustment). He also requested Mr. Jewell follow up regarding the appointment of the Public member of the Board. The position has been vacant since July 1, 2012.

DEPUTY DIRECTOR'S REPORT

Ms. Scifres provided an overview of the November financials. She reported that through November 30th the board had expended 37.7% of the budget. She will continue to keep good stewardship over the finances to ensure funds are spent and accounted for properly. To comply with Board Policy #1 a transfer of approximately \$205,000 was deposited from the Trust Account into the operating fund in November. In Ms. Charity's absence, Mr. Jewell and Ms. Scifres provided an overview of the Licensure, Examination, and Enforcement information.

RECESS FOR BOARD LUNCH

RECONVENE

FUTURE MEETING DATES

In order to ensure timely resolution of Enforcement actions, the members may decide to hold a meeting in late February or early March, with a date/time TBD following an Enforcement Committee meeting on January 30.

The Board approved the following upcoming meeting dates:

April 25, 2013
May 22, 2013 (Annual Planning Meeting)
June 20, 2013

BEGIN CLOSED MEETING

Upon a motion by Ms. Kilmer, 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 #2012-D0013, Case #2012-D0004, Case #2012-U0026, Case #2012-U0024, and Case #2012-E0006 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: Joshua Lief, Senior Assistant Attorney General, Wade A. Jewell, Executive Director, Jean Grant, Enforcement Manager, and Dreana L. Gilliam, Board Administrator. The members voting "AYE" were Mr. Dickerson, Ms. Kilmer, Ms. Saunders, Mr. Moyers, Mr. Bradshaw, and Dr. Cochran.

END CLOSED MEETING

Upon a motion by Ms. Saunders, 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

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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:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF – Aye (portion of closed meeting)
Robert Cochran, Ph.D., CPA – Aye
W. Barclay Bradshaw, CPA – Aye (portion of closed meeting)
Regina P. Brayboy, MPA, MBA – Absent
Marc Moyers, CPA - Aye
Stephanie Saunders, CPA - Aye

VOTE

AYES: Six (6)
NAYS: None.

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

Case #2012-D0013 Abrams (*Kilmer & Bradshaw*)

In the matter of Case #2012-D0013 (Abrams), Mr. Abrams was present but was not represented by counsel.

Upon a motion by Ms. Saunders and duly seconded the members agreed to accept the Consent Order as written, which includes the following terms and conditions: Eight (8) hours of continuing Professional Education (CPE) in Tax Practice Management/Circular 230; Submission of CPE certificates of completion by December 31st for the next three calendar years; Permanent reprimand on his record for not completing the Virginia Ethics CPE course for 2009, 2010 and 2011; Submission of the deficient 17 CPE for the reporting period of 2009, 2010 and 2011; Payment of a monetary penalty of \$100; Payment of an administrative fee of \$500 for the investigation of this matter; and, Understanding that failure to comply with the provisions of the signed and entered Consent Order shall result in the automatic suspension of his license.

CALL FOR VOTE:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF – Did Not Vote
Robert Cochran, Ph.D., CPA – Aye
W. Barclay Bradshaw, CPA – Did Not Vote
Marc Moyers, CPA - Aye
Stephanie Saunders, CPA – Aye

VOTE

AYES: Four (4)
NAYS: None.

Case #2012-D0004 Hart (*Kilmer & Bradshaw*)

In the matter of Case #2012-D0004 (Hart), Ms. Hart 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 written, which includes the following terms and conditions: A reprimand for the expulsion of Hart's AICPA and VSCPA memberships; Completion of all directives of both RCA letters by the deadline and

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written verification of compliance to the Board; Payment of an administrative fee of \$500 for the investigation of this matter; and, Understanding that failure to comply with the provisions of the signed and entered Consent Order shall result in the automatic suspension of her license.

CALL FOR VOTE:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF –Did Not Vote
Robert Cochran, Ph.D., CPA – Aye
W. Barclay Bradshaw, CPA – Did Not Vote
Marc Moyers, CPA - Aye
Stephanie Saunders, CPA – Aye

VOTE

AYES: Four (4)
NAYS: None.

Case #2012-U0026 Whitbey (*Kilmer & Bradshaw*)

In the matter of Case #2012-U0026 (Whitbey), Mr. Whitbey was not present nor represented by counsel.

Upon a motion by Mr. Moyers and duly seconded the members agreed to accept the Consent Order as written, which includes the following terms and conditions: A reprimand for providing attest services to persons or entities located in Virginia with an expired CPA firm license; Payment of a \$1,000 monetary penalty; and, Payment of an administrative fee of \$1,000 for the investigation of this matter.

CALL FOR VOTE:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF –Did Not Vote
Robert Cochran, Ph.D., CPA – Aye
W. Barclay Bradshaw, CPA – Did Not Vote
Marc Moyers, CPA - Aye
Stephanie Saunders, CPA – Aye

VOTE

AYES: Four (4)
NAYS: None.

Case #2012-U0024 Harris (*Kilmer & Bradshaw*)

In the matter of Case #2012-U0024 (Harris), Mr. Harris was not present nor represented by counsel.

Upon a motion by Mr. Moyers and duly seconded the members agreed to accept the Presiding Officers Report with modifications as presented; Harris shall not practice as a CPA until he has been granted reinstatement of his CPA license. Any application for reinstatement submitted within three (3) years from the entry date of the Final Order must come before the Board for consideration; Immediate removal of all signage with the CPA designation on it to include but not limited to websites, business cards, social media, computer software, new client packages, email addresses and signatures, marketing materials, tax organizers, and privacy notices; and, Payment of a monetary penalty of \$36,000 for his dishonesty, willful misconduct and gross negligence in the continued use of the CPA title after being ordered to discontinue the use of the CPA designation in previous Board Order No. 2010-FO-03 dated November 15, 2010.

CALL FOR VOTE:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF –Did Not Vote
Robert Cochran, Ph.D., CPA – Aye
W. Barclay Bradshaw, CPA – Did Not Vote
Marc Moyers, CPA - Aye
Stephanie Saunders, CPA – Aye

VOTE

AYES: Four (4)
NAYS: None.

Case #2012-E0006 Turner (*Kilmer & Bradshaw*)

In the matter of Case #2012-E0006 (Turner), Ms. Turner was not present nor represented by counsel.

Upon a motion by Mr. Dickerson and duly seconded the members agreed to accept the Presiding Officers Report as presented; Turner shall not practice as a CPA until she has been granted reinstatement of her CPA license; Immediate removal of all signage with the CPA designation on it to include but not limited to websites, business cards, social media, building, doors, computer software, new client packages, email addresses and signatures, marketing materials, tax organizers and privacy notices; Payment of a \$5,000 monetary penalty for the unlicensed use of the CPA designation; Payment of an administrative fee of \$1,000 for investigating this matter; and the Board accepts Turner’s position that she was licensed as a CPA and will allow reinstatement of her CPA license upon receipt of all current requirements and completion of all terms and conditions of the Final Order.

CALL FOR VOTE:

Tyrone E. Dickerson, CPA – Aye
Andrea M. Kilmer, CPA, CFF –Did Not Vote
Robert Cochran, Ph.D., CPA – Aye
W. Barclay Bradshaw, CPA – Did Not Vote
Marc Moyers, CPA – Aye
Stephanie Saunders, CPA – Aye

VOTE

AYES: Four (4)
NAYS: None.

NEW BUSINESS

Upon a request by Ms. Kilmer, Dr. Cochran will review “In This Together: The Profession and Higher Education” found in the VSCPA January/February 2013 Disclosures magazine. Dr. Cochran will lead a discussion of this topic/article at the May planning meeting.

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Mr. Dickerson and duly seconded, the meeting was adjourned by unanimous vote at 2:49 p.m. The members voting “**AYE**” were Mr. Dickerson, Ms. Kilmer, Dr. Cochran, Ms. Saunders, Mr. Moyers, and Mr. Bradshaw.

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APPROVED:

Tyrone E. Dickerson, CPA, Chairman

COPY TESTE:

Wade A. Jewell, Executive Director