

# THE VIRGINIA BOARD OF ACCOUNTANCY

## MEETING MINUTES

The Virginia Board of Accountancy (BOA) met on Wednesday, June 25, 2003, in Salon III at the Holiday Inn-Richmond, 6531 West Broad Street, Richmond, Virginia 23230. The following members were present:

Carole M. Hersch, CPA, Chairman  
Howard L. Rogers, Vice Chairman  
Ellis M. Dunkum, CPA, Immediate Past Chairman  
Jon E. Bischel  
Barbara S. Pocalyko, CPA  
Harry D. Dickinson, CPA  
Jane M. Little, CPA

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 were:

Richard B. Zorn, Senior Assistant Attorney General  
Erin Collins, Government Relations Manager, Virginia Society of Certified Public Accountants  
Emily Paxton, Virginia Society of Certified Public Accountants  
Joseph Brown, National Society of Accountants

Chairman Hersch called the meeting to order at 10:05 a.m. She welcomed those in attendance to the meeting.

### Call to Order

Chairman Hersch determined that a quorum was present.

### Determination of Quorum

Ms. Feldman noted that the Board should consider allowing a public comment period immediately preceding the discussion of the Emergency Regulations since there would be members of the public who may wish to make comments. Upon a motion by Mr. Dickinson, and seconded by Ms. Little, the Board approved by unanimous vote the agenda as amended. The members voting "AYE" were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

### Approval of Agenda

The Board's Final Agenda as amended was as follows:

Call to Order

Determination of Quorum

Approval of Agenda

Public Comment Period

A. Approval of Minutes from May 6, 2003 Board Meeting.

B. Old Business

1. Letter from Stephen Dickinson-18 VAC 5-21-90  
(Requirements for Reinstatement)
2. Request for Approval of NSA Peer Review Program

C. Discussion of BOA Audit- *HANDOUT*

William H. Cole, Jr., CPA, MBA, Deputy Auditor, APA

D. New Business:

1. Approval of FAQs
2. Update on VITA
3. Enhancing BOA's Service to Virginia's Veterans
4. Legislation for 2004 General Assembly Session-*HANDOUT*

E. Expression of Appreciation to Richard B. Zorn, Esquire

Recess for Board and Staff Luncheon

Reconvene

F. Personnel Matters (Closed Session - Board Members Only)

G. Enforcement:

1. Committee Report  
Harry D. Dickinson, CPA  
Chairman, Enforcement Committee
2. Cases:
  - a. File Number 2002-D20 (Moses v. Bahr)  
(Mr. Bahr is represented by David S. De Jong,  
Attorney at Law, and co-counsel Harry F. Bosen, Jr.)

H. Regulatory Review

1. Public Comment Period on Emergency Regulations
2. Regulatory Review

Ellis M. Dunkum, CPA  
Chairman, Regulatory Review Committee

I. Board Reports

1. Financial

- a. FY2003-Period ending May 2003
- b. FY2004 Budget- *HANDOUT*

J. Board Committee Structure and Strategic Planning

1. Designation of Board Committees for FY2004

Barbara S. Pocalyko, CPA  
Board Chairman-Elect

2. Review of the BOA Strategic Plan for FY2004-2007

K. Nominees to the Board

L. Passing of the Gavel

Sign Conflict of Interest Forms  
Complete Travel Expense Vouchers

Adjournment

Chairman Hersch opened the floor for public comment.

Chairman Hersch welcomed all attendees and announced that comments on the Emergency Regulations, Agenda Item H 1, would be taken later in the day.

Upon a motion by Mr. Dunkum, and seconded by Mr. Dickinson, the Board approved by unanimous vote the minutes from the Board meeting on May 6, 2003. The members voting “**AYE**” were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

Mr. Tim Mulvaney spoke in place of Mr. Stephen Dickinson on the Board’s requirements for reinstatement of CPAs in industry. Mr. Dunkum commented that he did not believe that the Board intended to require a CPA, who decided not to renew his license because he was not practicing as a CPA, to pay for all of the renewal periods during which his license was expired. Mr. Dunkum made a motion

**Public Comment  
Period**

**A. Approval of  
Minutes from May  
6, 2003 Board  
Meeting**

**B. Old Business:  
1. Letter from  
Stephen Dickinson –  
18 VAC 5-21-90  
(Requirements for  
Reinstatement)**

that renewal fees not be collected from licensees for expired renewal periods prior to 1999. The motion failed due to the lack of a second. Mr. Dunkum made a motion that in view of the position taken in the Emergency Regulations that will become effective October 1, 2003, it is the policy of the Board to not enforce the collection of prior year renewal fees and late renewal fees from former licensees seeking reinstatement if the former licensee was not required to have a license for the entire period during which the license was expired. Mr. Harry Dickinson seconded the motion and it was approved unanimously. All members voted “**AYE**”.

The Board reviewed the program evaluation prepared by the Board’s consultant, Pam Kamalakkannan. Concerns were raised regarding the NSA Peer Review standards and the comparability with those established by AICPA. Specifically, it does not appear that NSA requires NSA peer reviewers to complete CPE as required under the AICPA program.

Upon a motion by Mr. Dunkum, and seconded by Ms. Little, the Board approved by unanimous vote to request that Ms. Kamalakkannan address the questions raised in this meeting and report back to the Board. The members voting “**AYE**” were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

Mr. Cole of the Office of the Auditor of Public Accounts (APA) presented the Board’s first audit report with financial statements in accordance with GAAP. He explained that the Board’s financial statements present a clear opinion about financial statements in accordance with GASB Statement 34.

The Board requested that its assets including start-up costs for software development be capitalized over three years. Mr. Cole mentioned that the receivables (monetary penalties) have not been referred to the Office of Attorney General for collection. He stated that the Board should take action to establish the appropriate procedure. Mr. Cole indicated that the report would be revised and the final report would be sent to the Board.

The Board approved the FAQs as amended following a final review by Mr. Dunkum.

**2. Request for Approval of NSA Peer Review Program**

**C. Discussion of BOA Audit – HANDOUT William H. Cole, Jr., CPA, MBA, Deputy Auditor, APA**

**D. New Business: 1.Approval of FAQs**

Ms. Pocalyko reported that she, Mr. Dunkum and BOA staff met with representatives of VITA. She stated that the presentation was vague and the representatives were unable to explain the benefits or costs for services to BOA. Upon a motion by Mr. Dunkum, and seconded by Ms. Pocalyko, the Board approved by unanimous vote that BOA will not sign the MOA with VITA because it was not made apparent the benefits to the Board at this time. The members voting “**AYE**” were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

## **2. Update on VITA**

Executive Order 40 requires all agencies immediately explore ways to improve services to Veterans. The Board suggested a review of BOA’s programs to see how Veterans can be better served. It was suggested that BOA develop an ICON for the website titled “Veteran Services” leading to helpful links. If Veterans are overseas, provisions can be made for Veterans on “active duty” to make CPE accommodations, as needed. The Board concluded that Ms. Feldman would follow up on this and report back to the Board.

## **3. Enhancing BOA’s Service to Virginia’s Veterans**

The Board was provided with deadlines for submitting legislation:

- a. 8/1/03 - Agency to submit to the Attorney General’s Office.
- b. 8/15/03 - Agency to submit to the Secretary of Commerce and Trade.
- c. 8/29/03 - Secretary to submit to the Department of Planning and Budget/Governor’s Office.
- d. 8/31/03 - Secretary’s final recommendations due.
- e. 11/25/03 - Governor completes the review.

## **4. Legislation for 2004 General Assembly Session - HANDOUT**

It was suggested by Mr. Dunkum that the Board meet again on July 30, 2003 for regulatory and legislative review. The members agreed.

Chairman Hersch presented Mr. Zorn with a plaque in grateful appreciation for diligent efforts and services rendered to the Virginia Board of Accountancy, and the Citizens of the Commonwealth. Mr. Zorn has been promoted to the position of Deputy Secretary of Administration.

## **E. Expression of Appreciation to Richard B. Zorn, Esquire**

Mr. Dunkum noted that Mr. Zorn had provided the Board with reliable advice and the Board appreciated his services. Mr. Dickinson stated that educationally, Mr. Zorn gave a great deal of information and modification with a practical approach. Vice

Chairman Rogers agreed with Mr. Dickinson.

The Board recessed from 12:00 p.m. to 1:05 p.m. for a luncheon.

**Recess for Board  
and Staff Luncheon**

Upon a motion by Mr. Rogers, and seconded by Mr. Bischel, the Board approved by unanimous vote that the meeting be recessed and that the Board immediately reconvene in closed meeting for the purpose of consultation on personnel matters within the jurisdiction of the Board as permitted by § 2.2-3711 A 1 of the *Code of Virginia*. No non-members will be in attendance to reasonably aid the consideration of the topic. The members voting “**AYE**” were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

**F. Personnel  
Matters:  
Begin Closed  
Meeting**

This motion is made with respect to the matter identified as agenda item: **F. Personnel Matters.**

Upon a motion by Mr. Dickinson, and seconded by Mr. Rogers, the Board approved by unanimous vote that the closed meeting, as authorized by § 2.2-3711 A 1 of the *Code of Virginia*, be adjourned and that the Board immediately reconvene in open public meeting. The members voting “**AYE**” were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

**End Closed Meeting**

Upon a motion by Mr. Bischel, and seconded by Ms. Little, the Board made the following certification:

**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, § 2.2-3711 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:

Carole M. Hersch, CPA- Aye  
Howard L. Rogers – Aye  
Ellis M. Dunkum, CPA- Aye  
Jon E. Bischel – Aye  
Barbara S. Pocalyko, CPA – Aye  
Harry D. Dickinson, CPA – Aye  
Jane M. Little, CPA – Aye

VOTE

AYES: Seven (7)

NAYS: None.

ABSENT DURING VOTE: None.

ABSENT DURING MEETING: None.

Upon a motion by Mr. Dunkum, the Board voted to approve a \$5,000 pay adjustment relating to the Executive Director's annual compensation for the fiscal year ending June 30, 2003 and an additional \$5,000 increase in annual compensation for the fiscal year beginning July 1, 2003. Mr. Dickinson seconded and the motion was approved by a unanimous vote. The members voting "AYE" were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

**F. Personnel  
Matters:  
(Cont'd)**

Upon a motion by Mr. Dickinson, seconded by Ms. Little, the Board agreed by unanimous vote to approve the College Tuition program to be effective as of June 25, 2003. The members voting "AYE" were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

The Board reviewed and accepted the report from the Enforcement

**G. Enforcement:**

Committee presented by Mr. Dickinson, the Committee Chairman, for the meeting held on May 6, 2003 including the meeting minutes.

The minutes from the May 29, 2003 meeting will be reported at the next meeting on September 25, 2003.

In the matter of **File Number 2002-D20, Moses v. Bahr**, the Board reviewed the Enforcement Committee Report, consisting of the Committee's findings, conclusions, and sanctions, which was sent and offered to Mr. Bahr through his attorney, David S. De Jong. Mr. Bahr was not present at the meeting, but was represented by Mr. De Jong and co-counsel, Harry F. Bosen, Jr.

Mr. De Jong, who was present, made a statement to the Board on behalf of his client, Mr. Bahr.

Upon a motion by Mr. Bischel, and seconded by Ms. Little, the Board approved by unanimous vote that the meeting be recessed and that the Board immediately reconvene in closed meeting for the purpose of consultation with legal counsel and briefings by staff members within the jurisdiction of the Board 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: **Ms. Feldman, Mr. Zorn, and Mr. D'Amato**. The members voting "AYE" were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, and Ms. Little. Mr. Dickinson and Ms. Pocalyko were out of the room and did not take part in the discussion or vote.

This motion is made with respect to the matter identified as agenda item: **G. 2. Cases: a. File # 2002-D20 (Moses v. Bahr)**.

Upon a motion by Mr. Rogers, and seconded by Ms. Little, 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 Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, and Ms. Little. Mr. Dickinson and Ms. Pocalyko were out of the room and did not take part in the discussion or vote.

Upon a motion by Mr. Bischel, and seconded by Ms. Little, the

**1. Committee Report - Harry D. Dickinson, CPA, Chairman, Enforcement Committee**

**2. Cases:**  
**a. File # 2002-D20 (Moses v. Bahr)**

**Begin Closed Meeting**

**End Closed Meeting**

**Certificate of Closed**



Board made the following certification:

**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:

Carole M. Hersch, CPA - Aye  
Howard L. Rogers – Aye  
Ellis M. Dunkum, CPA - Aye  
Jon E. Bischel – Aye  
Jane M. Little, CPA – Aye

VOTE

AYES: Five (5).

NAYS: None.

ABSENT DURING VOTE: Harry D. Dickinson, CPA, and Barbara S. Pocalyko, CPA.

ABSENT DURING MEETING: None.

Upon a motion by Mr. Dunkum, and seconded by Ms. Little, the Board agreed by majority vote to modify the recommendation of the Enforcement Committee Report and accept Mr. Bahr's admissions, the findings of fact, and the proposed conclusions of law set forth in

**2. Cases:**  
**a. File # 2002-D20**  
**(Moses v. Bahr)**  
**(Cont'd)**

the Enforcement Committee Report dated May 29, 2003, as well as the proposed sanctions except that the monetary fee shall be increased from \$2,500 to \$7,000, the CPE shall be increased by 24 hours in Ethics, and Mr. Bahr shall personally present his essay to the Board in a manner satisfactory to the Board. The members voting "AYE" were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, and Ms. Little. Mr. Dickinson and Ms. Pocalyko were out of the room and did not take part in the discussion or vote.

Board staff will complete the Consent Order in accordance with the Board's motion and present it to the Board for review and approval at the July 30, 2003 Board Meeting.

Several individuals spoke to the Board regarding the proposed Emergency Regulations, as follows:

1. Linda Crosby, Piedmont Virginia Community College (PVCC)
2. Bob Miller, PVCC
3. Nannette Smith, Director of Education Planning, PVCC
4. Rich Pontynen, Virginia Society of Certified Public Accountants
5. Samuel Derieux, Virginia Society of Certified Public Accountants
6. Jim Brackens, AICPA Ethics Committee
7. Marshall Worthington, VSCPA Ethics Committee

Speakers 1-3 expressed concerns about the Board's proposed regulations restricting the accounting courses from community colleges that will be accepted toward the requirements to take the CPA examination.

Speakers 4-7 provided information regarding the Board's proposed regulations requiring a 4 CPE hour ethics course each year.

The Board was provided a summary of public comments received during the public comment period on the Emergency Regulations and a copy of all correspondence supporting the summary, a copy of Proposed Emergency Regulations-Draft 8, a copy of the Proposed Regulation-Draft 7, and a copy of Mr. Dunkum's responses to the public comment.

The Board discussed the concerns expressed by the public regarding

**H. Regulatory Review:**  
**1. Public Comment Period on Emergency Regulations**

**2. Regulatory Review:**  
**Ellis M. Dunkum, CPA, Chairman, Regulatory Review Committee**

the changes to the education requirements and the community college coursework that may be acceptable by the Board. The Board also discussed the comments received relating to the CPE hours in ethics. Several possible alternatives were considered and Board members agreed to review all public comment and provide modifications and corrections to Ms. Feldman for preparation for the July 30<sup>th</sup> meeting.

On a motion by Mr. Bischel, and seconded by Mr. Dickinson, the Board voted unanimously to withdraw the Notice of Intended Regulatory Action currently on file with the Registrar of Regulations for the Board's proposed regulations. The members voting "AYE" were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

The Board reviewed the financial statements for FY2003 with no action.

The Board reviewed the budget for FY2004 with no action.

Ms. Pocalyko, Chairman-Elect, discussed committee structure for FY2004. The Board agreed on the following committees and committee chairs:

1. Executive: Chairperson, Vice Chairman, Immediate Past Chairman.
2. Enforcement: Mr. Dickinson.
3. Strategic Planning: Mr. Rogers.
4. Public Relations: Ms. Little.
5. Finance and Administration: Ms. Hersch.
6. Legislation and Regulation Review: Mr. Dunkum.
7. Education and Exam: Mr. Bischel.

Upon a motion by Mr. Dunkum, seconded by Mr. Rogers, the Board agreed by unanimous vote to approve the revised and modified version of the BOA Strategic Plan for FY2004-2007. The members voting "AYE" were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

**I. Board Reports:**

**1. Financial:**

**a. FY2003 – Period ending May 2003**

**b. FY2004 Budget – HANDOUT**

**J. Board Committee**

**Structure and Strategic Planning:**

**1. Designation of Board Committees for FY2004 –**

**Barbara S. Pocalyko, CPA, Board Chairman-Elect**

**2. Review of the BOA Strategic Plan for FY2004-2007**

The Board members were advised that no new Board appointees have been announced at this time.

**K. Nominees to the Board**

Chairman Hersch passed the gavel off to Ms. Pocalyko. As Ms. Pocalyko's first official act, she presented to Ms. Hersch a plaque in recognition of her successful year as Chairman of the Board of Accountancy.

**L. Passing of the Gavel**

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

**Conflict of Interest Forms**

Chairman Hersch asked the members to complete their travel expense vouchers.

**Travel Expense Vouchers**

With no further business coming before the Board, upon a motion by Mr. Dunkum, and seconded by Mr. Rogers, the meeting was adjourned by unanimous vote at 4:35 p.m. The members voting "AYE" were Ms. Hersch, Mr. Rogers, Mr. Dunkum, Mr. Bischel, Ms. Pocalyko, Mr. Dickinson, and Ms. Little.

**Adjournment**

**APPROVED:**

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Carole M. Hersch, CPA, Chairman

**COPY TESTE:**

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Nancy Taylor Feldman, Executive Director