

THE VIRGINIA BOARD OF ACCOUNTANCY
MEETING MINUTES

The Virginia Board of Accountancy (Board) met on Friday, April 22, 2005, in Room 395 of the 3600 West Broad Street Building, Richmond, Virginia 23230.

The following Board members present for the entire meeting were:

Harry D. Dickinson, Ph.D., CPA, Chairman
Jane M. Little, CPA, Vice Chairman
O. Whitfield Broome, Ph.D., CPA
Stephen D. Holton, CPA
Regina P. Brayboy, MPA
Dian T. Calderone, MTX, CPA
Lawrence D. Samuel, CPA

The Board staff present for the entire meeting included:

Nancy Taylor Feldman, Executive Director
Mark D'Amato, Board Administrator

The Board staff present for a portion of the meeting was:

Jean Grant, Enforcement Coordinator/Investigator

Also in attendance for the entire meeting was:

Howard T. Macrae, Jr., Assistant Attorney General

In attendance for the entire meeting was:

Erin Collins, Government Affairs Director, Virginia Society of Certified Public Accountants

In attendance for a portion of the meeting were:

William Cole, Jr., CPA, MBA, Deputy Auditor, Auditor of Public Accounts
Ellis M. Dunkum, CPA
Steven Egglund, Ph.D., Executive Director, Accrediting Council for Independent Colleges and Schools
Frank Longaker, President, National College of Business and Technology
Emily P. Walker, Regulatory Specialist, Virginia Society of Certified Public Accountants

Chairman Dickinson called the meeting to order at 10:07 a.m. He welcomed those in attendance to the meeting.

Call to Order

Chairman Dickinson determined that a quorum was present.

Determination of Quorum

Upon a motion by Dr. Broome, and seconded by Ms. Little, the Board by unanimous vote approved the agenda as amended. The members voting “**AYE**” were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

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 January 11, 2005 Board meeting

B. Presentation of Board Audit by Auditor of Public Accounts
William Cole, Jr., CPA, MBA
Deputy Auditor

C. Presentation about Accredited Institutions
Frank Longaker, President, National College of Business and Technology
Steven Egglund, Ph.D., Executive Director, Accrediting Council
for Independent Colleges and Schools

D. Future Meetings and Training

E. Committee Reports:

1. Executive
 - Harry D. Dickinson, Ph.D., CPA, Committee Chairman
 - a. Review and Approval of Agreement with Institute of Chartered Accountants in Ireland
 - b. Financial: FY2005 – Information as of March 31, 2005
2. Administrative/Personnel/Finance
 - Harry D. Dickinson, Ph.D., CPA, Committee Chairman
 - a. Request for Policy – Application Process

Recess for Recognition Luncheon

Reconvene

E. Committee Reports (cont'd):

3. Public Relations

Harry D. Dickinson, Ph.D., CPA, Committee Chairman

4. Strategic Planning

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

5. Enforcement

Jane M. Little, CPA, Committee Chairman

a. Meetings – February 16, 2005, March 9, 2005, and
April 11, 2005

b. Cases

(1) File Number 2004-D03 (Board v. Pace)

(2) File Number 2004-E09 (Board v. Packard)

6. Education/Examination

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

a. Meeting – April 8, 2005

b. AICPA Exam Fee Adjustment

7. Legislative/Regulatory

Stephen D. Holton, CPA, Committee Chairman

F. New Business:

1. NASBA

a. Report on Legal Counsels' Conference

b. Report on Executive Directors' Conference

c. Topics on Agenda for Regional Meeting

d. NASBA Nomination

~~F. Future Meetings and Training~~

G. Staff Report

H. Election of Officers – Presentation of Slate

Harry D. Dickinson, Ph.D., CPA, Board Chairman

Sign Conflict of Interest Forms

Complete Travel Expense Vouchers

Adjournment

Chairman Dickinson opened the floor for public comment.

**Public Comment
Period**

The following attendee introduced herself to the Board: Ms. Collins, the Government Affairs Director with the Virginia Society of Certified Public Accountants (VSCPA). She identified how many CPAs took the VSCPA's ethics course during 2004 to fulfill the Board's requirement. The number of CPAs and their manner of attendance are as follows: (1) 3,340 – seminar; (2) 629 – in-house (firms); (3) 3,060 – online; and (4) 1,357 – conference.

With no other members of the public wishing to address the Board about an issue of concern to them, Chairman Dickinson moved to the next item of business.

The members reviewed the draft minutes from the– January 11, 2005 Board meeting.

**A. Approval of
Minutes from
January 11, 2005
Board meeting**

Upon a motion by Mr. Samuel, and seconded by Mr. Holton, the Board by unanimous vote approved the minutes, as amended, from its meeting on January 11, 2005. The members voting “**AYE**” were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

The Board received the audit report by the Auditor of Public Accounts (APA) from Mr. Cole. He summarized the report's findings: (1) the Board's financial statements were presented fairly, in all material respects; (2) no internal control matters were considered material weaknesses; and (3) no instances of noncompliance or other matters required to be reported under Government Auditing Standards were found.

**B. Presentation of
Board Audit by
Auditor of Public
Accounts – William
Cole, Jr., CPA,
MBA, Deputy
Auditor**

Ms. Feldman informed the members that \$800,000 from the Board's cash balance had been transferred to the new Trust Account, which was \$100,000 more than previously approved by the Board.

Upon a motion by Mr. Samuel, and seconded by Ms. Brayboy, the Board by unanimous vote ratified the Executive Director's action of transferring \$800,000 from the Board's cash balance to its Trust Account. The members voting “**AYE**” were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

Mr. Longaker, President of the National College of Business and

C. Presentation

Technology (NCBT), and Dr. Egglund, Executive Director of the Accrediting Council for Independent Colleges and Schools (ACICS) made a presentation requesting that the Board consider revising its regulatory definition of an “accredited college or university.” They suggested revising the definition to include “any degree-granting college or university ... recognized by the U.S. Department of Education and the Council on Higher Education Accreditation.” By changing the current recognition of regional accrediting bodies in its definition to the recognition of national accrediting bodies, the Board, they noted, would remove the need for a special exception in the *Code of Virginia* granting graduates of NCBT the ability to sit for the CPA exam.

After thanking Mr. Longaker and Dr. Egglund for their presentation, Chairman Dickinson stated that their comments and suggestions would be submitted to the Legislative/Regulatory Committee, which was presently undertaking a comprehensive review of the Board’s regulations.

The members agreed to the following revised schedule of Board meetings: (1) Friday, June 3, 2005—a new meeting; (2) Wednesday, June 29, 2005—a currently scheduled meeting; and (3) Tuesday, July 26, 2005—a new meeting to replace the meeting scheduled for Thursday, August 4, 2005.

The Board reviewed the Memorandum of Understanding and Professional Mutual Recognition Agreement between the Institute of Chartered Accountants in Ireland and the NASBA/AICPA International Qualifications Appraisal Board—the latter representing the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA).

Upon a motion by Dr. Broome, and seconded by Mr. Samuel, the Board by unanimous vote approved the agreement to recognize the designation of Chartered Accountant (CA) issued by the Institute of Chartered Accountants in Ireland (ICAI), making individuals so designated eligible to apply for the International Uniform CPA Qualification Examination (IQEX) administered by NASBA, which must be passed to qualify for a CPA license in the U.S. The members voting “**AYE**” were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

The Board received financial information about FY2005 from the

about Accredited Institutions – Frank Longaker, President, National College of Business and Technology; and Steven Egglund, Ph.D., Executive Director, Accrediting Council for Independent Colleges and Schools

D. Future Meetings and Training

E. Committee Reports:
1. Executive – Harry D. Dickinson, Ph.D., CPA, Committee Chairman
a. Review and Approval of Agreement with Institute of Chartered Accountants in Ireland

b. Financial:

Board staff, but took no action.

Chairman Dickinson commended the VSCPA for assisting the Board to contact CPAs whose licenses had expired. Ms. Collins noted that the VSCPA's campaign to contact CPAs has been underway for about 12 to 14 months.

The Board reviewed the staff's request for a policy about the length of time an application for licensure can be maintained on file until it is completed. Currently, all applicants must complete the application process within one year of submitting their application and fee. Failure to fulfill all application requirements within a year results in the application being purged, and the applicant being required to submit a new application and fee.

Upon a motion by Mr. Holton, and seconded by Ms. Calderone, the Board by unanimous vote approved the one-year application policy. The members voting "AYE" were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

The Board recessed from 11:50 a.m. to 1:35 p.m. for a recognition luncheon.

Dr. Dickinson, as chairman of the Public Relations Committee, informed the other Board members that the committee had not met. However, members would soon be receiving a request from him for an article for the upcoming issue of the Board's newsletter, Advisor.

Dr. Broome, as chairman of the Strategic Planning Committee, informed the other Board members that the committee had not met. Then, he turned the discussion over to Dr. Dickinson who stated that the Board must review its mission, objectives, and goals—especially in light of Ms. Feldman's impending retirement—to determine a strategic plan for its future. He highly recommended Greg Richardson as the facilitator, and asked the members to review their calendars for a new date to hold a planning session once a new Board member is installed.

FY2005 –
Information as of
March 31, 2005

2. Administrative/
Personnel/Finance –
Harry D. Dickinson
Ph.D., CPA,
Committee
Chairman
a. Request for
Policy – Application
Process

Recess for
Recognition
Luncheon

3. Public Relations –
Harry D. Dickinson
Ph.D., CPA,
Committee
Chairman

4. Strategic
Planning – O.
Whitfield Broome
Ph.D., CPA,
Committee
Chairman

Ms. Little, as chairman of the Enforcement Committee, provided the Board members with reports on the informal fact finding conferences (IFFs) held in February and March, and on the committee meeting held in April. Attached to the latter report was a draft confidential consent agreement that the committee was reviewing for possible use. She asked the members to review this document and provide any feedback to the committee. She then presented a document detailing the number of complaints filed with the Board in FY2004 and FY2005.

5. Enforcement –
Jane M. Little,
CPA, Committee
Chairman
a. Meetings –
February 16, 2005,
March 9, 2005, and
April 11, 2005.

Ms. Little noted that she would recuse herself from any action on the two enforcement cases due to her involvement as a committee member; Mr. Samuel recused himself for the same reason. Ms. Little and Mr. Samuel left the room.

b. Cases:
(1) File Number
2004-D03 (Board v.
Pace)

Dr. Dickinson stated that the members' task would be to review the recommended findings of fact and sanctions prepared by Ms. Little, the presiding officer at the IFF, on the two cases. The members must adopt, reject or modify the findings of fact contained in the presiding officer's report, then adopt, reject or modify the recommended sanctions.

In the matter of **File Number 2004-D03, Board v. Pace**, the Board reviewed the record of the informal fact finding conference, which consisted of the investigative file, transcript and exhibits, and the recommended findings of fact and sanctions provided in the presiding officer's report. Mr. Pace was not present, nor was his attorney present to represent him.

Upon a motion by Ms. Brayboy, and seconded by Dr. Broome, the Board by unanimous vote accepted the findings of fact and sanctions contained in the presiding officer's report thereby revoking Mr. Pace's CPA license. The members voting "AYE" were Dr. Dickinson, Dr. Broome, Mr. Holton, Ms. Brayboy, and Ms. Calderone. Ms. Little and Mr. Samuel were not present and did not participate in the discussion or vote.

Dr. Broome, as chair of the Education/Examination Committee, noted that he would recuse himself from any action on this case due to his involvement as a reviewer of Mr. Packard's transcripts. Dr. Broome left the room.

(2) File Number
2004-E09 (Board v.
Packard)

In the matter of **File Number 2004-E09, Board v. Packard**, the Board reviewed the record of the informal fact finding conference, which consisted of the investigative file, transcript and exhibits, and the recommended findings of fact and sanctions provided in the presiding officer's report. Mr. Packard was not present, nor was his attorney present to represent him.

Upon a motion by Mr. Holton, and seconded by Ms. Brayboy, the Board by unanimous vote accepted the findings of fact and sanctions contained in the presiding officer's report thereby denying Mr. Packard's request to waive the education requirements for him to sit for the CPA exam. The members voting "AYE" were Dr. Dickinson, Mr. Holton, Ms. Brayboy, and Ms. Calderone. Ms. Little, Mr. Samuel, and Dr. Broome were not present and did not participate in the discussion or vote.

Dr. Broome, as chairman of the Education/Examination Committee, presented the report from the committee meeting held on April 8, 2005. He reviewed with the Board members several recommendations for action on the following topics: (1) how CPA exam candidate problems were being addressed by the CPA Examination Services (CPAES) and NASBA; (2) whether to modify the current 6-month deadline for the Notice to Schedule (NTS) provided by CPAES to candidates; and (3) the draft letter to be sent to all accounting department administrators and accounting faculty in Virginia.

**6. Education/
Examination – O.
Whitfield Broome
Ph.D., CPA,
Committee
Chairman
a. Meeting – April 8,
2005**

On the first topic, Mr. Macrae said that he would review opinions of the Attorney General's office on an exam candidate's right to appeal an agency decision. The members agreed that guidance was needed on what type of materials could be made available for the Board to review in such appeals—the candidate's exam, videos of the exam session, etc. The members also agreed that eligibility issues centered on education qualifications should be handled by the Education/Examination Committee due to its involvement in the initial review of candidate appeals.

On the second topic, the members agreed that the recommendation to increase the NTS deadline from 6 months to 12 months should be part of the Board's discussion about its contract extension with CPAES.

On the third topic, the members approved the draft letter for the Board Chairman's signature to be sent to all accounting department

administrators and accounting faculty in Virginia discussing the effective date of the 150 hour requirement.

Dr. Broome also informed the members about the exposure draft of the proposed revisions to Rules 5-1 and 5-2 (concerning new education requirements) of the Uniform Accountancy Act (UAA). He said that he had received information from an American Accounting Association task force, which had come out in opposition to the proposed revisions. All this information would be forwarded to the members for review, so that it could be discussed at the next Board meeting.

Due to time constraints, Dr. Broome agreed to postpone discussion of this topic for the next Board meeting.

Due to his inability to provide for this meeting revised draft documents on: (1) a possible structure for a conceptual approach to regulations; and (2) possible interpretations of existing statutes and regulations to provide interpretations relevant to practice issues, Mr. Holton requested that the revised drafts be reviewed at the next Board meeting. The other members agreed.

Mr. Macrae presented a report to the Board on the NASBA Legal Counsels' Conference held in New Orleans on March 20-22, 2005, highlighting information he gathered about the inspection reports performed by the Public Company Accounting Oversight Board (PCAOB).

Mr. D'Amato presented a report to the Board on the NASBA Executive Directors' Conference held in New Orleans on March 20-23, 2005, highlighting information about a survey conducted about candidate attitudes on the CBT, the ongoing evaluation of the peer review program, and the accountancy licensing database going "live" with a test group of 6 states in June 2005.

Chairman Dickinson conferred with the members going to the NASBA Eastern Regional meeting in Baltimore to ensure that all the break-out sessions would be attended by Virginia Board members. The members agreed on who would attend which session.

Upon a motion by Mr. Holton, and seconded by Dr. Broome, the

b. AICPA Exam Fee Adjustment

7. Legislative/Regulatory – Stephen D. Holton, CPA, Committee Chairman

D. New Business:

1. NASBA:
a. Report on Legal Counsels' Conference

b. Report on Executive Directors' Conference

c. Topics on Agenda for Regional Meeting

d. NASBA

Board by unanimous vote approved the nomination of Ellis M. Dunkum, CPA, for the position of Director-at-Large on NASBA's Board of Directors. The members voting "AYE" were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

Nomination

Due to time constraints, this item was postponed until the Board's next meeting.

G. Staff Report

Chairman Dickinson presented a slate of officers—Ms. Little for Chairman, and Mr. Holton for Vice Chairman—to serve a term from July 1, 2005 to June 30, 2006.

H. Election of Officers – Presentation of Slate – Harry D. Dickinson, Ph.D., CPA, Board Chairman

Upon a motion by Mr. Samuel, and seconded by Ms. Brayboy, the Board by unanimous vote closed the nominations, and approved the slate of officers as presented. The members voting "AYE" were Dr. Dickinson, Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

The members discussed Mr. Macrae's request to the Board to cover his costs for a one-day workshop being held in Washington, D.C., on "Financial Reporting and State Taxation: Confronting Risks and Establishing Controls," because the General Counsel of the PCAOB will be giving a presentation. The members agreed to cover his costs for the one-day workshop.

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

Conflict of Interest Forms

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

Travel Expense Vouchers

With no further business coming before the Board, upon a motion by Dr. Broome, and seconded by Mr. Samuel, the meeting was adjourned by unanimous vote at 4:30 p.m. The members voting "AYE" were Dr. Dickinson, Ms. Little, Dr. Broome, Mr. Holton, Ms. Brayboy, Ms. Calderone, and Mr. Samuel.

Adjournment

APPROVED:

Harry D. Dickinson, Ph.D., CPA, Chairman

COPY TESTE:

Nancy Taylor Feldman, Executive Director