

THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Friday, May 6, 2016 in Board Room #1 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: Stephanie S. Saunders, CPA, Chair
Marc B. Moyers, CPA, Vice Chair
D. Brian Carson, CPA
Susan Quaintance Ferguson, CPA
James M. “Jim” Holland, CPA

MEMBERS ABSENT: Matthew P. Boshier, Esq.
Andrea M. Kilmer, CPA

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

Kristina Perry Alexander, Senior Assistant Attorney General & Section Chief, Office of the Attorney General

**LEGAL COUNSEL
PRESENT:**

Anna Birkenheier, Assistant Attorney General, Office of the Attorney General

STAFF PRESENT:

Wade A. Jewell, Executive Director
Chantal K. Scifres, Deputy Director
Mary T. Charity, Director of Operations
Rebekah Allen, Enforcement Director
Kelli Anderson, Communications Manager
Patti Hambright, CPE/Peer Review Coordinator/Administrative Assistant

**MEMBERS OF THE
PUBLIC PRESENT:**

Stephanie Peters, CAE, President & CEO, Virginia Society of Certified Public Accountants
Emily Walker, Vice President, Advocacy, Virginia Society of Certified Public Accountants
Darshae Dabney, Regulatory and Legislative Affairs Manager, Virginia Society of Certified Public Accountants
Amy Mawyer, Vice President, Strategy and Development, Virginia Society of Certified Public Accountants
Katherine L. Mowbray, CPA

CALL TO ORDER

Chairman Saunders called the meeting to order at 10:00 a.m.

SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

DRAFT/Unapproved for May 6, 2016
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DETERMINATION OF QUORUM

Chairman Saunders determined there was a quorum present.

APPROVAL OF AGENDA

It was noted by Mr. Jewell that the APA (Auditor of Public Accounts) had not concluded the FY2015 Audit and the audit update would be moved to the June 16, 2016 Board meeting. Upon a motion by Mr. Holland, and duly seconded, the members voted unanimously to approve the May 6, 2016 agenda as amended. The members voting “**AYE**” were Ms. Saunders, Mr. Moyers, Mr. Carson, Ms. Ferguson and Mr. Holland.

APPROVAL OF CONSENT AGENDA

Upon a motion by Mr. Holland, and duly seconded, the members voted unanimously to approve the May 6, 2016 consent agenda (the April 8, 2016 Board meeting minutes as presented). The members voting “**AYE**” were Mr. Moyers, Mr. Carson, and Mr. Holland. (Note: Ms. Saunders and Ms. Ferguson did not vote as they were not present at the April 8, 2016 Board meeting).

PUBLIC COMMENT PERIOD

Ms. Saunders welcomed and invited members of the public to provide comments. No comments were provided at this time.

COMMITTEE/NASBA UPDATES

Mr. Moyers led the discussion regarding the NASBA Ethics Committee. The committee has reviewed and commented on three exposure drafts issued by the International Ethics Standard Boards for Accountants to modify the Code of Ethics for Professional Accountants relating to (i) restructuring of the code, (ii) revisions pertaining to safeguards in the code and (iii) limited re-exposure relating to long association of personnel with an audit client. The committee also reviewed and provided comment on proposed modifications to an omnibus proposal for the AICPA Professional Ethics Division to provide guidance related to members obligations concerning confidentiality and return of client files when a practice is transferred, sold or discontinued.

There were no updates to the NASBA Diversity Committee.

Mr. Holland led the discussion regarding the NASBA CPE Committee. He noted the committee’s next meeting would be held on June 7, 2016 in Asheville, NC.

There were no updates to the NASBA Standard-Setting Advisory Committee.

Ms. Saunders led the discussion regarding the NASBA Communications Committee. She stated the committee’s charge was to promote effective and efficient communication among Boards of Accountancy and NASBA. The committee meets monthly with Thursday, May 12, 2016 as their next meeting. Ms. Saunders stated the committee would be adding a new social media platform to LinkedIn. Ms. Anderson demonstrated the newest whiteboard video created for Virginia by NASBA entitled “Renewing your License”. The next whiteboard video to be created by NASBA would focus on instructions for applying to take the Uniform CPA Examination and instructions for re-examination candidates.

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Ms. Saunders led the discussion regarding her role as the NASBA Middle Atlantic Regional Director. She noted that the different regions have separate telephone meetings semiannually. The Middle Atlantic Regional Director's teleconference took place on February 8, 2016, and was attended by all seven state boards of accountancy. She noted numerous topics, to include discussion as to whether or not the committee felt one year of accounting experience was sufficient to become a CPA. She noted the North Carolina dental case continued to be of interest.

Ms. Saunders led the discussion regarding NASBA Committees and awards requiring nominations from the Board. Upon a motion by Mr. Holland and duly seconded, the members voted unanimously to nominate Mr. Moyers for the NASBA Nominating Committee. The members voting "AYE" were Ms. Saunders, Mr. Moyers, Mr. Carson, Ms. Ferguson and Mr. Holland.

Upon a motion by Mr. Holland and duly seconded, the members voted unanimously to nominate Ms. Saunders for a second term as the NASBA Middle Atlantic Regional Director. The members voting "AYE" were Ms. Saunders, Mr. Moyers, Mr. Carson, Ms. Ferguson and Mr. Holland.

Upon a motion by Mr. Holland and duly seconded, the members voted unanimously to nominate Mr. Jewell for the Lorraine P. Sachs Standard of Excellence Award. The members voting "AYE" were Ms. Saunders, Mr. Moyers, Mr. Carson, Ms. Ferguson and Mr. Holland.

Ms. Saunders stated there were many committee positions available at the AICPA, and she would provide Board members, via Mr. Jewell, with a list for future interest in committee positions.

Mr. Jewell updated the Board with Mr. W. Barclay Bradshaw's, former Chair and Board member, updates from the NASBA Enforcement Resource Committee. He recommended State Boards of Accountancy utilize NASBA's new service listing qualified CPAs for use as expert witnesses or investigators, and to encourage Virginia CPAs to apply. Mr. Bradshaw noted NASBA had requested for Boards to include the firm EIN (employee identification number) on applications and to maintain the EIN in databases. Mr. Jewell stated the VBOA was already utilizing the EIN on applications and maintaining them in their database. Mr. Bradshaw also noted that NASBA is attempting to obtain disciplinary data and/or a "flag" in data that is transferred from state boards to the ALD. Mr. Jewell noted the VBOA will attempt to add this information to its current system, but at a minimum will include this with any new system that is implemented.

Mr. Jewell led the discussion regarding the NASBA Executive Director's Committee. He noted the March 2016 Annual Conference, held in Tucson, AZ for Executive Directors and Board Staff, included a presentation on Leadership Training – Engaging Your Board, including discussion by himself, Ms. Saunders and Alfonzo Alexander from NASBA. The presentation was one of two break-out sessions, and was one of the most highly rated of the conference. Mr. Jewell noted that he also oversaw the Conference Recognition Luncheon. The luncheon was a huge success, with assistance from Kent Absec, Executive Director from Idaho. Mr. Jewell, Ms. Scifres and Ms. Anderson attended the conference. Ms. Allen attended NASBA's Legal Conference held at the same time/place. Mr. Jewell and Ms. Allen presented an overview of the PCAOB, SEC and VBOA enforcement processes. Mr. Jewell noted the 2017 conference would be held in New Orleans.

Mr. Jewell led the discussion regarding the NASBA Committee Interest requests. Mr. Jewell noted six of the seven Board members showed interest in NASBA committees.

Ms. Saunders noted as NASBA's Middle Atlantic Regional Director, she should abstain from voting in regards to the Board's nomination of Mr. Moyers for the nominating committee. Upon a motion by Ms.

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Ferguson and duly seconded, the members voted unanimously to nominate Mr. Carson as the voting member for NASBA's Nominating Committee. The members voting "AYE" were Ms. Saunders, Mr. Moyers, Mr. Carson, Ms. Ferguson and Mr. Holland.

EXECUTIVE DIRECTOR'S REPORT

Mr. Jewell presented general updates regarding the VBOA:

- The VSCPA's Educator's Symposium would be held on June 9, 2016. Ms. Charity and Ms. Anderson plan to attend.
- Mr. Jewell noted the VSCPA's 2016 Spring Awards would take place in Williamsburg, VA on May 24, 2016. Mr. Jewell, Ms. Saunders and Mr. Moyers plan to attend.
- Mr. Jewell noted May 1, 2016 – May 7, 2016 was Public Service Recognition Week. The VBOA staff participated in several activities during the week.
- Mr. Jewell updated the Board with the progress in developing the Request for Proposal (RFP) for a new database. The RFP was issued in March 2016 with a vendor response deadline of May 3, 2016. Mr. Jewell, Ms. Scifres and Ms. Charity would review and score all responses received as the next step in the process.

March 2016 Board Report

Ms. Charity presented and fielded questions regarding the March 2016 Board Report.

March 2016 Financial Report

Ms. Scifres presented and fielded questions regarding the March 2016 Financial Report.

BOARD DISCUSSION TOPICS

2015 & 2016 Virginia-Specific Ethics Course Updates

Mr. Jewell and Ms. Mawyer led the discussion regarding the 2015 and 2016 Virginia-Specific Ethics Course updates. Ms. Mawyer noted that 19,782 individuals had purchased the 2015 course (either directly or through resellers) prior to the January 31, 2016 deadline. Ms. Charity stated that comments from the 2015 course were received, and no major issues noted. The comments would be summarized and shared with the Ethics Committee. Ms. Mawyer noted the 2016 course had thus far received positive feedback, particularly as it relates to separate option for "public" vs. "industry" versions of the course. Mr. Jewell noted all sponsors and instructors for the 2016 Virginia-Specific Ethics Course must be pre-approved by the VBOA. All approved sponsors and instructors are listed on the VBOA website. To date there are approximately 18 approved sponsors.

CPA Exam Update

Mr. Jewell led the discussion regarding the CPA exam update. He noted the new version of the Uniform CPA Examination would launch on April 1, 2017. Scores for the first quarter of the new exam will not be released for 10 weeks after the quarter close (estimated at August 14, 2017). State boards may have to

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adjust the 18-month expiration of credit for any scores that are expiring in the CY2017 Q3 and Q4 testing windows. Additional guidance would be forthcoming from NASBA. Also, from an administration standpoint, the AICPA is expanding the quarterly testing window by 10 days into the traditional black out months beginning with the current window. The 10-day extension would not be offered during the CY2017 Q2 testing window, however.

CPE Standards Changes Update

Mr. Jewell led the discussion regarding the CPE standards changes update. He noted NASBA and the AICPA had re-issued their Exposure Draft on the proposed revisions to the Statement on Standards for CPE Programs. Public comments were accepted through April 30, 2016. Nano-learning and blended learning delivery methods remained a part of the re-exposure draft. Virginia is already positioned to accept CPE obtained in tenths of an hour.

Peer Review Administration – AICPA Proposed Changes

Ms. Saunders led the discussion regarding the Peer Review Administration – AICPA proposed changes, to include the possibility that the number of administering entities will be reduced from over 40 to 10 or fewer. Ms. Saunders presented an overview of the proposed changes from her perspective as the NASBA Middle Atlantic Regional Director. Ms. Peters noted the VSCPA had been administering the peer review program since 1980 and was now considering a different direction. While no formal decisions have been made at the national or state levels, the VSCPA is looking at utilizing a proposed AICPA administering entity. The ultimate goal was to ensure a monitored program with high quality peer reviewers. Mr. Jewell inquired into how the program would work as far as a firm's ability to choose their peer review administering entity. The AICPA will be presenting break-out sessions on this topic at the upcoming NASBA Regional Meetings in June.

Mr. Jewell also noted that the AICPA's Peer Review Board held an open session on May 3, 2016. Attending a portion of the meeting (via phone call) were Mr. Moyers and Mr. Jewell. Nadia Rogers, the VBOA's Peer Review Oversight Committee Chair, attended the meeting (via phone call) and had submitted a summary of the meeting. Mr. Jewell summarized for the Board the highlights of Ms. Roger's notes.

AICPA/CIMA Joint Venture – Use of CGMA Title

Ms. Saunders led the discussion regarding the AICPA/CIMA joint venture – use of CGMA title. She noted the vote to allow non-CPAs to become CGMAs (Chartered Global Management Accountant) had passed. Applications would be accepted starting in January of 2017. Currently, only a CPA is allowed to become a CGMA. Ms. Peters noted the VSCPA board had not yet decided if the VSCPA would partner with the AICPA in promoting non-CPA CGMAs. Questions have been raised by state boards on whether or not the CGMA title can be used by non-CPAs. Ultimately individual state board statutes will dictate whether or not this is an issue for a given state board. The VBOA will work with the Office of the Attorney General to determine if this is an issue in Virginia.

ADDITIONAL ITEMS FOR DISCUSSION

Carry Over Items / Potential Future Topics

- CPE – VBOA/VSCPA discussions
- Retired/Inactive Status
- Single Renewal Date all Virginia Licensees

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- Trust Fund Reserve Policy
- Background checks
- Statute/Regulation changes
- Fraudulent Transcripts and CPE Certificates
- Expiring Licensees (Survey)
- Professional Issues/Updates – Board responses
- North Carolina Dental Case
- Review 1 Year Experience for Licensure, including verification
- Succession Planning

Sign Conflict of Interest Forms

Sign Travel Expense Vouchers

Future Meeting Date

- June 16, 2016 (Planning Meeting to begin at 9:00 am)

RECESS FOR LUNCH 12:00 PM

RECONVENE 12:45 PM

ENFORCEMENT

BEGIN CLOSED MEETING

Upon a motion by Mr. Moyers, and duly seconded, the members approved by unanimous vote the meeting be recessed and the VBOA immediately convene a closed meeting under the Virginia Freedom of Information Act for the provision of legal counsel and to consult with legal counsel on issues relating to probable litigation, and/or consider the status of all open Enforcement Cases and cases listed on our agenda a matter lawfully exempted from open meeting requirements under the ‘consulting with legal counsel’ and ‘disciplinary proceedings’ exemptions contained in Virginia Code § 2.2-3711(A)(7),(27).” The following non-member will be in attendance to reasonably aid the consideration of this topic: **Anna Birkenheier**. The following non-members will be in attendance for a portion of the closed meeting to reasonably aid in the consideration of this topic: **Wade Jewell and Rebekah Allen**.

END CLOSED MEETING

Upon a motion by Mr. Moyers, 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 an 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.

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CALL FOR VOTE:

Stephanie S. Saunders, CPA – Aye
Marc B. Moyers, CPA – Aye
D. Brian Carson, CPA – Aye
Susan Quaintance Ferguson, CPA – Aye
James M. “Jim” Holland, CPA – Aye

VOTE:

AYES: Five (5)
NAYS: None.

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

Case #2016-CPE-0008 (Jewell)

Mr. Jewell and Ms. Allen did not participate in the discussion.

Upon a motion by Ms. Ferguson, and duly seconded, the members voted unanimously to adopt the presiding officer’s recommendations as presented.

CALL FOR VOTE:

Stephanie S. Saunders, CPA – Aye
Marc B. Moyers, CPA – Aye
D. Brian Carson, CPA – Aye
Susan Quaintance Ferguson, CPA – Aye
James M. “Jim” Holland, CPA – Aye

VOTE:

AYES: Five (5)
NAYS: None.

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Mr. Holland and duly seconded, the meeting was adjourned by unanimous vote at 2:31 p.m. The members voting “**AYE**” were Ms. Saunders, Mr. Moyers, Mr. Carson, Ms. Ferguson and Mr. Holland.

APPROVED:

Stephanie S. Saunders, CPA, Chair

COPY TESTE:

Wade A. Jewell, Executive Director