The Virginia Board of Accountancy (VBOA) met on Friday, October 7, 2016 in Board Room #2 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: James M. “Jim” Holland, CPA, Chair
Matthew P. Bosher, Esq., Vice Chair
Susan Quaintance Ferguson, CPA
Stephanie S. Saunders, CPA
Laurie A. Warwick, CPA

MEMBERS ABSENT: D. Brian Carson, CPA
Andrea M. Kilmer, CPA

LEGAL COUNSEL: 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

STAFF PRESENT FOR A PORTION OF THE MEETING: Christine K. Rappe, CPE Coordinator

MEMBERS OF THE PUBLIC PRESENT: Alan Gernhardt, Staff Attorney, Virginia Freedom of Information Advisory Council
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

CALL TO ORDER

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

SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.
DETERMINATION OF QUORUM

Chairman Holland determined there was a quorum present.

APPROVAL OF AGENDA

Upon a motion by Ms. Ferguson, and duly seconded, the members voted unanimously to approve the October 7, 2016 agenda as amended. The members voting “AYE” were Mr. Holland, Mr. Bosher, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

APPROVAL OF CONSENT AGENDA / CONSENT ORDERS

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to approve the October 7, 2016 consent agenda. The members voting “AYE” were Mr. Holland, Mr. Bosher, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

PUBLIC COMMENT PERIOD

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

COMMITTEE/NASBA UPDATES

Mr. Holland noted Ms. Rappe attended the 2016 NASBA National Registry Summit in Tampa, Florida from September 12 – September 14, 2016 on behalf of the Board. Ms. Rappe noted the conference was very informative and had provided a wealth of information. She noted games were used as an instructional format. Individuals worked in pairs. Small segments of information were introduced for better retention with the instruction that less is more. Ms. Rappe indicated that she felt it beneficial for her and the Board to be up to date on the changes taking place in the CPE realm.

There were no updates to the NASBA Diversity Committee.

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 would be meeting by phone on Thursday, October 13, 2016. The committee generally meets monthly by phone, and annually in person. Ms. Saunders stated the committee would be assigning a committee member to each state for NASBA’s upcoming annual meeting.

Ms. Saunders led the discussion regarding her role as NASBA’s Middle Atlantic Regional Director. She noted she had visited the South Carolina Board of Accountancy and the Maryland Board of Public Accountancy. She noted the South Carolina Board consisted of 11 members. Dan Dustin, CPA, NASBA Vice President of State Board Relations accompanied Ms. Saunders while visiting the Maryland State Board. She noted the Maryland State Board did not have a separate enforcement committee and that both the Maryland Board and South Carolina Board are under umbrella agencies. Ms. Saunders also indicated that she held a regional conference call on September 20, 2016 which was open to Board Chairs and Executive Directors. Primary topics included the AICPA’s discussion papers on the Proposed Evolution of Peer Review Administration, a NASBA annual meeting update, NASBA communication tools, and legislative updates from NASBA staff. Ms. Saunders also participates in other NASBA regional conference calls.
Mr. Jewell led the discussion regarding the NASBA Executive Director’s Committee. Mr. Jewell will be serving as Chair for the 2017 Executive Director’s Committee, and as such will be serving as an ex-officio member of the NASBA Board. Mr. Jewell noted that he attended NASBA new Board member orientation on September 29-30. He noted the committee was well on its way to developing the agenda for the March 2017 Executive Director’s Conference, and would be meeting in Austin to finalize the agenda. The conference is being held in New Orleans, LA and would once again include a joint session with state society executives.

EXECUTIVE DIRECTOR’S REPORT

Mr. Jewell presented general updates regarding the VBOA:

- Mr. Jewell noted he met with Ms. Peters and Ms. Walker of the VSCPA to discuss upcoming legislative issues.
- Mr. Jewell indicated the Request for Proposal (RFP) for a new licensing/database system was moving forward.
- Mr. Jewell noted the VBOA IT position would remain vacant at this time and a project manager would be hired for the new licensing/database project. Mr. Jewell noted a vendor hosting option was preferred by the RFP evaluation committee; however, the vendor must comply with all state security requirements. The vendor approval process could take several weeks/months through VITA.
- Mr. Jewell welcomed and introduced Laurie Burton and Rai Minor as the VBOA new enforcement investigators.

August 2016 Board Report

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

August 2016 Financial Report

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

Presentation of FY15-16 Biennial Report

Ms. Anderson presented and fielded questions regarding the FY15-16 biennial report. She noted the report will be posted on the VBOA website, and sent to the Governor, House and Senate as required per statute. Ms. Anderson discussed the changes to the report, to include a new look and format that is more user friendly and easier to read.

Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the FY15-16 Biennial Report as presented. The members voting “AYE” were Mr. Holland, Mr. Bosher, Ms. Ferguson, Ms. Saunders and Ms. Warwick.
FOIA TRAINING FOR BOARD MEMBERS

Mr. Gernhardt provided the annual FOIA (Freedom of Information Act) training and discussed requirements for conducting meetings and use of emails that comply with FOIA relative to Board meeting and correspondence.

BOARD DISCUSSION TOPICS

Presentation of 2017 Virginia-Specific Ethics Course Outline for approval

Mr. Bosher led the discussion regarding the 2017 Virginia-Specific ethics course outline. He noted the Ethics Committee had met on September 20, 2016. The committee reviewed comments provided by the VSCPA and other CPE providers regarding the 2016 Virginia-Specific ethics course. The committee welcomed two new members and a robust discussion followed.

Upon a motion by Mr. Bosher, and duly seconded, the members voted to approve the 2017 Virginia-Specific Ethics Course Outline as presented. The members voting “AYE” were Mr. Holland, Mr. Bosher, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

Proposed Evolution of Peer Review Administration – Supplemental Discussion Paper

AICPA – PROC Recommendations

Ms. Warwick led the discussion regarding the proposed evolution of peer review administration – supplemental discussion paper, AICPA – PROC recommendations. She noted the PROC (Peer Review Oversight Committee) met via telephone to discuss the request for comments from the AICPA. At the request of the Board, the PROC provided a recommended response to the AICPA’s discussion papers.

Upon a motion by Ms. Warwick, and duly seconded, the members voted unanimously to approve the proposed evolution of peer review administration – supplemental discussion paper, AICPA – PROC recommendations as modified by the Board, and to be presented by the Board to the AICPA. The members voting “AYE” were Mr. Holland, Mr. Bosher, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

RECESS FOR LUNCH 12:05 PM

RECONVENE 12:35 PM

BOARD DISCUSSION TOPICS, continued

Update on Proposed Statute Changes

Mr. Jewell led the discussion regarding the proposed statute changes. He noted the recommended changes that had been approved by the Board (excluding indemnification) had been approved by the administration, with one exception. The administration and Office of the Attorney General (OAG) is currently considering the indemnification request as an issue for all Board members (not just the Board of Accountancy). Ms. Walker indicated that they too (VSCPA) were having discussions with the OAG regarding this issue. In addition, one additional statute change was proposed to the Board by Mr. Jewell and Ms. Walker relative to the enrollment of firms in peer review as detailed in § 54.1-4412.1. Licensing requirements for firms. Affected sections include D.6. and D.7. Currently, all licensed firms must be enrolled in the peer review program. The statute change will align enrollment requirements with the enrollment requirements of the AICPA Peer Review Program.
Upon a motion by Mr. Bosher, and duly seconded, the members voted unanimously to accept the recommended proposed statute changes as discussed and presented to the Board. The members voting “AYE” were Mr. Holland, Mr. Bosher, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

Discussion on CPE Deficiency Guidelines

Mr. Jewell led the discussion regarding the CPE deficiency guidelines. Board members were provided handouts including current and proposed CPE deficiency guidelines for discussion during the November 10, 2016 Board meeting.

Discussion on Board Policy #5, Publication of Board Disciplinary Action

Mr. Jewell led the discussion regarding Board Policy #5, Publication of Board Disciplinary Action. After a thorough discussion Board members agreed on revisions to the publication of Board disciplinary actions. Board Policy #5 proposed policy statement revision will be posted on the VBOA website.

ADDITIONAL ITEMS FOR DISCUSSION

Carry Over Items / Potential Future Topics
- CPE – VBOA/VSCPA discussions
- Single Renewal Date all Virginia Licensees
- Trust Fund Reserve Policy
- Background checks
- Statute/Regulation changes
- Fraudulent Transcripts and CPE Certificates
- Professional Issues/Updates – Board responses
- North Carolina Dental Case
- Practice Continuation

Sign Conflict of Interest Forms

Sign Travel Expense Vouchers

Future Meeting Date
- November 10, 2016 (Christopher Newport University campus)
- Other dates to be determined

ENFORCEMENT

BEGIN CLOSED MEETING

Upon a motion by Mr. Bosher, 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 in 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. Bosher, 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.

CALL FOR VOTE:
James M. “Jim” Holland, CPA – Aye
Matthew P. Bosher, Esq. – Aye
Stephanie S. Saunders, CPA – Aye
Susan Quaintance Ferguson, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:
AYES: Five (5)
NAYS: None.

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

Ms. Ferguson and Ms. Warwick were not present and did not participate in the closed discussion.

Case #2015-U0020 (Kilmer & Ferguson)

Upon a motion by Mr. Bosher, and duly seconded, the members voted unanimously to table their decision pending further discussion.

CALL FOR VOTE:
James M. “Jim” Holland, CPA – Aye
Matthew P. Bosher, Esq. – Aye
Susan Quaintance Ferguson, CPA – Abstain
Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Abstain

VOTE:
AYES: Three (3)
NAYS: None.
The following actions were taken as a result of the closed session:

Case #2015-CPE-0285 (Jewell & Allen)

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

Upon a motion by Mr. Bosher, and duly seconded, the members voted unanimously to table their decision pending further discussion.

CALL FOR VOTE:
James M. “Jim” Holland, CPA – Aye
Matthew P. Bosher, Esq. – Aye
Susan Quaintance Ferguson, CPA – Aye
Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:
AYES: Five (5)
NAYS: None.

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

Case #2016-CPE-0028 (Jewell & Allen)

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

Upon a motion by Mr. Bosher, and duly seconded, the members voted unanimously to table their decision pending further discussion.

CALL FOR VOTE:
James M. “Jim” Holland, CPA – Aye
Matthew P. Bosher, Esq. – Aye
Susan Quaintance Ferguson, CPA – Aye
Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:
AYES: Five (5)
NAYS: None.
ADJOURNMENT

There being no further business before the VBOA, upon a motion by Mr. Bosher and duly seconded, the meeting was adjourned by unanimous vote at 2:50 p.m. The members voting “AYE” were Mr. Holland, Mr. Bosher, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

APPROVED:

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James M. “Jim” Holland, CPA, Chair

COPY TESTE:

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Wade A. Jewell, Executive Director