

THE VIRGINIA BOARD OF ACCOUNTANCY (VBOA)

The Peer Review Oversight Committee (PROC) met on Friday, October 18, 2013 in Hearing Room #3 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: Samuel E. Johnson, CPA, PROC Chairman
Nadia Rogers, CPA
Douglas L. Bowles, CPA
Mark B. Moyers, CPA, VBOA Liaison

STAFF PRESENT: Wade A. Jewell, Executive Director
Dreana L. Gilliam, Board Administrator
Mary T. Charity, Director of Operations
Nicholas R. Tazza, Assistant Manager, Licensing and Examination

OTHERS PRESENT: Darshae Dabney, Peer Review Administrator, Virginia Society of Certified Public Accountants

CALL TO ORDER

Mr. Johnson called the meeting to order at 10:05 a.m. Mr. Johnson addressed the Committee and thanked the members for their attendance and participation.

SECURITY BRIEFING

Ms. Gilliam provided the emergency evacuation procedures.

UPDATE FROM PROC SUMMIT

At the request of Mr. Johnson, Mr. Bowles and Mr. Jewell shared their insight from their attendance at the PROC Summit in Nashville, Tennessee in July. Mr. Bowles provided an overview of the session he attended where the following topics were discussed: possible guidance from NASBA on PROC operating procedures, state board and state society operating agreements, and Report Acceptance Body (RAB) oversight. Additionally, Mr. Bowles discussed a PROC Summit topic regarding the AICPA's oversight process of approved peer review bodies.

Mr. Jewell shared with those in attendance the session he attended was predominantly focused on discussion of the role PROC Committees and/or Boards should play in the review of firms who are given multiple pass with deficiencies and fail reports. After significant discussion, Mr. Moyers asked the Committee to consider and make recommendations to the Board regarding this topic.

DISCUSSION OF COMMITTEE EFFORTS/PROGRESS FOR 2013

A group discussion was held on the level of oversight necessary concerning the state society peer review program. The PROC Committee, on most occasions, sends one member to each RAB and full Peer Review Committee meetings held in person at the VSCPA or via teleconference for oversight and observation purposes. Ms. Rogers shared her experience observing both meetings and indicated they were positive and informative. Mr. Jewell requested that Ms. Dabney provide a brief overview of the peer review process and its direct ties to RABs and the VSCPA Peer Review Committee for his staff's benefit. Ms. Dabney provided the requested information with additional supportive information regarding

the topic provided from Mr. Bowles. Mr. Bowles discussed that at the PROC Summit there was discussion of PROC's attending meetings of the AICPA's oversight of the VSCPA. The VBOA PROC has incorporated this into their processes. Mr. Bowles suggested possibly observing the administrative piece of the process as well.

Discussion was led by Mr. Moyers on if/when the VBOA has the responsibility to step in and add value to the peer review process in order to protect the public from firms with multiple pass with deficiency or fail reports, or those firms that may not cooperate on required follow up action(s). The Committee as a whole agreed that the current peer review process does an excellent job of identifying, correcting, and enforcing remediation of the firms that have multiple pass with deficiencies or fail reports. However, the VBOA could assist in the remediation of firms who are uncooperative/unresponsive to the peer review process. Mr. Moyers asked Ms. Dabney if she would consider and make recommendations to the Board if assistance from the Board would be helpful.

Further discussion by the Committee as a whole was led by Mr. Moyers as to whether a "trigger point" should be established for if/when the VBOA should step in from an enforcement perspective as it relates to peer review. In addition to the issues presented regarding firms who have multiple pass with deficiency or fail reports, Ms. Rogers posed the question to the Committee as to whether the PROC Committee or the VBOA can/will take action against peer reviewer's who have inflated their resumes or have questionable business practices. Ms. Dabney explained the vetting process for accepting peer reviewers in the state society implemented peer review process. After discussion by the Committee as a whole, it was recognized that the peer review process will eventually catch up to these individuals and they would be removed from the program. Mr. Moyers asked the Committee members and the VSCPA for any recommendations or suggestions for the Board to consider as it relates to the entire peer review process.

The Committee members reviewed the remaining VSCPA RAB & Peer Review Committee meeting schedule to ensure coverage by the PROC. The Committee members also agreed that they should select specific engagements to review the supporting documentation before RAB/Peer Review Committee meetings and to specifically observe the RAB/Full Committee (if applicable) discussions.

Mr. Moyers reminded the Committee of their annual reporting requirement to the Board, and informed them that there will be a Board meeting on January 28, 2014.

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COMMITTEE MEMBER ROTATION/TERM LIMITS

Discussion on the size of the PROC Committee and the term limits of each member was led by Mr. Moyers. The Committee and staff made recommendations for consideration. The Committee favored a five member PROC Committee to assist in spreading out responsibilities. After discussion, Mr. Jewell recommended a term limit of 3 years, with the option for members to serve a second term.

REPORT TO THE BOARD

Mr. Moyers and Mr. Jewell will report to the Board on the topics discussed at the PROC Committee meeting at the November 6, 2013 Board meeting.

ADJOURNMENT

There being no further business before the VBOA PROC, the meeting was adjourned at 1:16 p.m.

APPROVED:

Samuel Johnson, CPA, PROC Chairman

COPY TESTE:

Wade A. Jewell, Executive Director