

FINAL/APPROVED for November 13, 2014
THE VIRGINIA BOARD OF ACCOUNTANCY

The Virginia Board of Accountancy (VBOA) met on Thursday, November 13, 2014 at The College of William & Mary, Miller Hall/Brinkley Commons, Williamsburg, Virginia 23186.

MEMBERS PRESENT: W. Barclay Bradshaw, CPA, Chair
Robert J. Cochran, Ph.D., CPA, Vice Chair
Matthew P. Boshier, Esq.
James M. “Jim” Holland, CPA
Marc B. Moyers, CPA
Stephanie S. Saunders, CPA

**MEMBER PRESENT FOR
A PORTION OF THE
MEETING:** Andrea M. Kilmer, CPA

LEGAL COUNSEL: Anna Birkenheier, Assistant Attorney General

STAFF PRESENT: Wade A. Jewell, Executive Director
Chantal K. Scifres, Deputy Director
Mary T. Charity, Director of Operations
Kelli Anderson, Communications Manager
Jean Grant, Enforcement Manager
Nicholas R. Tazza, Assistant Manager, Licensing and Examination
Patti Hambright, CPE/Peer Review Coordinator/Administrative Assistant
Krystal D. Hambright, Administrative Assistant
Melinda Haddon, Financial and Procurement Coordinator
Christine K. Rappe, CPE Coordinator

**MEMBERS OF THE
PUBLIC PRESENT:** Dian T. Calderon, MTX, CPA, Former Member & Past Chair,
Virginia Board of Accountancy
Nancy Bagranoff, Dean and Professor of Accounting, Robins School of
Business, University of Richmond
Phil B. Shane, Ph.D., Accounting Department Chair, Mason School of
Business, College of William & Mary
Linda Espahbodi, Director – Masters of Accounting Program, College of
William & Mary
Maureen Dingus, CAE, Executive Vice President, Virginia Society
of Certified Public Accountants
Emily Walker, Government Affairs Director, Virginia Society of
Certified Public Accountants
Amy Mawyer, Vice President, Strategy and Development, Virginia
Society of Certified Public Accountants
Linda Newsom-McCurdy, Education Director, Virginia Society of
Certified Public Accountants
Hon. Ralph L. “Bill” Axselle, Jr., Partner, Williams Mullen
Douglas E. Ziegenfuss, Ph.D., CPA, Chair and Professor of Accounting
at Old Dominion University
Wayne C. Carruthers, CPA

**MEMBERS OF THE
PUBLIC PRESENT,
continued:**

Xiangyu Song
Abdullah Rahj
Qiuyan Ni
Kyle Addenbrook
Phillip Bussjaeger
Robert DeGraaff
Amy Robbins
Hedy Sadeghein
Christine Scherder
Emily Patterson
Scotty Vieira

CALL TO ORDER

W. Barclay Bradshaw, CPA, Chair called the meeting to order at 9:00 a.m.

SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Mr. Bradshaw determined there was a quorum present.

APPROVAL OF AGENDA

Upon a motion by Mr. Moyers, and duly seconded, the members voted unanimously to approve the November 13, 2014 agenda. The members voting “**AYE**” were Mr. Bradshaw, Dr. Cochran, Mr. Boshier, Mr. Holland, Ms. Kilmer, Mr. Moyers, and Ms. Saunders.

APPROVAL OF CONSENT AGENDA

Upon a motion by Mr. Holland, and duly seconded, the members voted unanimously to approve the November 13, 2014 consent agenda. The members voting “**AYE**” were Mr. Bradshaw, Dr. Cochran, Mr. Boshier, Mr. Holland, Ms. Kilmer, Mr. Moyers, and Ms. Saunders.

BEGIN CLOSED MEETING

Upon a motion by Dr. Cochran, 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 to consult with legal counsel on issues relating to probable litigation and consider the status of all open Enforcement Cases and cases listed on our agenda, matters 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-members will be in attendance to reasonably aid the consideration of this topic: Wade A. Jewell, Executive Director, Jean Grant, Enforcement Manager, and Anna Birkenheier, Assistant Attorney General. The members voting “**AYE**” were Mr. Bradshaw, Dr. Cochran, Mr. Boshier, Mr. Holland, Ms. Kilmer, Mr. Moyers, and Ms. Saunders.

END CLOSED MEETING

Upon a motion by Dr. Cochran, 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:

W. Barclay Bradshaw, CPA – Aye
Robert J. Cochran, Ph.D., CPA – Aye
Matthew P. Boshier, Esq. – Aye
James M. “Jim” Holland, CPA – Aye
Andrea M. Kilmer, CPA – Aye
Marc B. Moyers, CPA – Aye
Stephanie S. Saunders, CPA – Aye

VOTE:

AYES: Seven (7)
NAYS: None

Mr. Bradshaw called for a recess at 9:55 a.m.

CALL TO ORDER

Mr. Bradshaw called the meeting to order at 10:00 a.m.

SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Mr. Bradshaw determined there was a quorum present.

RE-APPROVAL OF AGENDA

For the benefit of the audience, the Board re-approved the agenda. Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the November 13, 2014 agenda as presented. The members voting “**AYE**” were Mr. Bradshaw, Dr. Cochran, Mr. Boshier, Mr. Holland, Ms. Kilmer, Mr. Moyers, and Ms. Saunders.

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APPROVAL OF MINUTES

Upon a motion by Mr. Holland and duly seconded, the members voted unanimously to approve the October 7, 2014 Board meeting minutes as presented. The members voting “**AYE**” were Mr. Bradshaw, Dr. Cochran, Mr. Boshier, Mr. Holland, Ms. Kilmer, Mr. Moyers, and Ms. Saunders.

PUBLIC COMMENT PERIOD

Mr. Bradshaw invited members of the VSCPA to introduce themselves. Ms. Dingus recognized Ms. Walker, Ms. Newsom-McCurdy, and Ms. Mawyer. She noted she would speak on subject matter later during the meeting and explained Ms. Peters’ absence. Mr. Bradshaw offered congratulations to Ms. Peters as the new President of the Board of Directors for the Certified Public Accountants Society Executives Association (CPA/SEA).

OPENING REMARKS

Mr. Bradshaw extended a thank you from the Board to the College of William and Mary for hosting the Board meeting and indicated the college was over 300 years old. Mr. Bradshaw noted the VBOA regulates Certified Public Accountants in Virginia through a program of examination, licensure of individuals and CPA firms, consumer protection through enforcement of VBOA statutes and regulations, continuing professional education and peer review. Mr. Bradshaw explained the VBOA’s mission is to protect the citizens of the Commonwealth.

Mr. Jewell noted he would also like to thank Linda Espahbodi, Dr. Phil Shane, Midori Juarez, Kathryn Compton and Dana Hall for making this event possible.

Mr. Bradshaw welcomed former VBOA Chair Dian Calderone and recognized her eight years of service with the VBOA.

PUBLIC COMMENT PERIOD, continued

Mr. Bradshaw welcomed Dr. Doug Ziegenfuss from Old Dominion University. Dr. Ziegenfuss provided the Board with handouts related to the 2015 Virginia-Specific Ethics Course entitled “Reasonableness Analysis”. Dr. Ziegenfuss walked the Board through his analysis which focused on projected course attendees, costs and revenues of the proposed course, as well as his own thoughts on course development costs. Dr. Ziegenfuss indicated he had no issue with the VSCPA as the only content provider and felt the quality of the course would be held to a high standard. Dr. Ziegenfuss thanked the Board for their time and consideration.

Mr. Carruthers introduced himself, stating he is a licensed Virginia CPA and current member of the Battlefield Chapter of the VSCPA. He indicated there was much to be said, learned and gained from fellow practitioners when attending the ethics course in a classroom forum that is lost when the course is made available solely online. He felt many vendors had not had the opportunity to look at this new proposition. He also felt quality may also be an issue if the course is only made available through an online internet capacity. Mr. Carruthers thanked the Board for their time. Mr. Bradshaw clarified the Board had not made any change to the delivery methods of the Virginia-Specific Ethics Course. The change made by the Board consisted of the VSCPA as the only content provider. The course would continue to be offered by multiple delivery methods, to include classroom forums/live presentations.

WELCOME FROM THE COLLEGE OF WILLIAM & MARY

Mr. Jewell introduced Linda Espahbodi, Director – Masters of Accounting Program, College of William & Mary and thanked her for her participation in making the Board meeting a success. Ms. Espahbodi welcomed the Board and noted she had arrived at the College 5 years earlier from the University of Notre Dame. Ms. Espahbodi gave a brief history of the College of William and Mary and noted some interesting facts. The college is the second-oldest college in America. Harvard University is the oldest. The College of William and Mary was the first U.S. institution with a Royal Charter, the first with a student honor code, and the first law school in America. Thomas Jefferson, James Monroe and John Tyler are all alumni of the college. The College of William and Mary was the first college to teach Political Economy. Ms. Espahbodi noted five years ago the accounting program consisted of approximately 50 students. Today the number of accounting students has risen to 107.

COMMITTEE/NASBA UPDATES

Mr. Bradshaw led the discussion regarding the NASBA 107th Annual Meeting held November 2nd – 5th, 2014 in Washington, D.C. He noted in addition to himself, Board members Mr. Moyers, Ms. Kilmer, Ms. Saunders and Dr. Cochran attended along with Mr. Jewell. Mr. Bradshaw noted presentations by Tommye Barrie, Chair of the American Institute of CPAs (AICPA), James Doty, Chairman of the Public Company Accounting Oversight Board (PCAOB) and nationally televised commentator Cokie Roberts. One presentation included a discussion of our country's debt problems. Other discussion topics included peer review and the future of peer review. He noted an update from the IRS Commissioner indicating the tax code was broken. Mr. Bradshaw also noted an issue discussed by NASBA attorney Noel Allen whereby the North Carolina Board of Dental Examiners is in a legal battle with the Federal Trade Commission over the Board's efforts to block non-dentists from offering teeth-whitening services. This case has the potential to pour over into other regulatory boards. Mr. Bradshaw reiterated the need for regulatory boards, such as Boards of Accountancy, to protect the public.

Ms. Kilmer led the discussion regarding the NASBA Legislative Support Committee. The Committee consists of 13 individuals from across the country and is charged with the development of legislative strategies to enhance Boards of Accountancy effectiveness and to [develop a network to assist in carrying out legislative strategies](#). She noted that although the legislative searches that are completed by the NASBA staff are helpful in monitoring countrywide legislation that potentially could impact the CPA profession, they are working on refining the searches to make them more effective. She noted CPAs are very concerned with what is happening in Washington with the deficit and are taking a serious look at how CPAs can help.

Ms. Saunders led the discussion regarding the NASBA Communications Committee. A breakfast meeting was held on November 3, 2014 during NASBA's Annual Meeting. She noted she would be serving on the committee again next year. The committee noted the state of Wyoming would start a public service announcement to address their need for CPAs. Ms. Saunders let the students know if they were planning a move to Wyoming, there was a need for CPAs. For the benefit of the students present, she explained the difference in boards of accountancy and state societies, in that, the mission of state boards included protecting the public through a licensure/regulatory program. State societies strive to improve awareness by educating students, educators and the public regarding the CPA profession.

Dr. Cochran led the discussion regarding the October 30 and 31st NASBA Regional Director Committee Meeting. Discussion included the retired/inactive status for CPAs and how different jurisdictions are handling this. Dr. Cochran gave the example of the Washington and Oregon Boards allowing retired CPAs the ability to perform tax work and use the CPA designation. Dr. Cochran explained the AICPA is

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looking at a new practice analysis for the CPA examination. Research has shown schools are graduating more accounting majors but fewer students are taking the CPA examination. The AICPA is performing a study on this matter.

Dr. Cochran led the discussion regarding the NASBA Education Committee. He noted he had been voted the 2015 Committee Chair. The Board offered their congratulations to Dr. Cochran. For the benefit of the students, Dr. Cochran noted the committee's charge is to support the Boards of Accountancy by representing NASBA in the academic community and serving as an advisory resource to NASBA's Chair on education matters related to the accounting profession. The committee plans to follow advanced high school placement tests and the possibility of exempting students from taking principles of accounting courses at the college entry level. Dr. Cochran noted his hesitation with students beginning their college level accounting courses at the intermediate level.

Mr. Moyers led the discussion regarding the NASBA Global Strategies Committee. For the benefit of the students, Mr. Moyers noted the committee's charge is to monitor international professional issues impacting the public interest and the ability of licensees to practice. He reiterated an earlier discussion had resulted in a request for the NASBA Board to weigh in and clearly articulate the priorities for NASBA involvement internationally in the practice of public accounting.

Mr. Jewell led the discussion on the NASBA ALD/CPAverify Committee and noted there had been no updates. For the benefit of the students, Mr. Jewell explained the significance of the ALD/CPAverify. The ALD (Accountancy Licensee Database) System was developed for use by state boards. State boards send their licensee data, including disciplinary actions (if applicable), to NASBA. Only state boards are able to access this valuable information. The CPAverify System is made available to the public, and is a modified version of the ALD. Currently there are 49 jurisdictions participating with the ALD System and 47 jurisdictions participating with the CPAverify System. The goal is to have all 55 jurisdictions participating in both the ALD and CPAverify Systems. The ALD/CPAverify Committee is working on a presentation to be made at NASBA's Executive Director's Conference in March of 2015. The committee continues to work on a 2020 vision statement.

Mr. Jewell led the discussion regarding NASBA's Executive Directors Committee. The committee met recently to finalize the annual conference agenda for Boards of Accountancy. Both the Executive Directors/Staff Conference and the Legal Counsel Conferences will be held March 24th – 26th in Tampa, Florida.

Mr. Bradshaw shared VBOA's current appointments on NASBA Committees: Mr. Bradshaw appointed to the Regulatory Response Committee. Dr. Cochran appointed to Chair of the Education Committee, to the Relations with Member Boards Committee, and elected Middle Atlantic Regional Director. Ms. Saunders re-appointed to the Communications Committee. Ms. Kilmer re-appointed to the Legislative Support Committee. Mr. Moyers appointed to the Ethics Committee. Mr. Holland was also appointed to the Ethics Committee. Mr. Jewell re-appointed to the ED Committee.

Dr. Cochran requested Board members to provide feedback for the Education Committee regarding any comments regarding the proposed CPA examination changes. Board members will relay potential questions to Dr. Cochran.

EXECUTIVE DIRECTOR'S REPORT

Mr. Jewell presented general updates regarding the VBOA:

- Mr. Jewell noted interviews for the Exam Coordinator wage position had been completed. An offer was being made to the final candidate with the hopes of an expedient start date.
- Mr. Jewell noted interviews for the Enforcement Director position would begin on November 19, 2014. Mr. Bradshaw may participate in the final interview for the position.
- Mr. Jewell stated the new IT position was still in the developmental stage.
- Mr. Jewell noted that there had been no correspondence from the Administration regarding the proposed legislative changes.
- Mr. Jewell noted the NASBA CPE Tracking System is in place and requested Ms. Rappe to provide an update. Ms. Rappe clarified two emails were sent to each licensee. The first email contained the NASBA CPE Tracking System announcement. The second email contained a personalized password the licensee would need to access the system. Ms. Rappe noted the system is voluntary unless the licensee is selected for a CPE audit. If the licensee is chosen for a CPE audit the NASBA CPE Tracking System must be used when submitting CPE completion certificates. The September audits were sent out on November 1. The delay was due to the implementation of the tracking system. Ms. Rappe reported approximately 110 audits were sent out. Of those 110 CPE audits, 30 licensees had responded. Ms. Rappe noted only VSCPA certificates were automatically uploaded to the system. No other CPE providers currently have access to the tracking system to upload CPE; therefore, any additional CPE completion certificates must be uploaded by the licensee. Ms. Saunders noted she had visited the NASBA CPE Tracking System site. Ms. Saunders noted the system had no major problems and was user friendly. Mr. Jewell noted the VSCPA had been the first test with NASBA for the CPE Tracking System. It was reported the pilot was very successful, effective and user friendly. Mr. Jewell noted while testing the CPE Tracking System the Virginia Board suggested some long-term changes. Mr. Jewell noted any updates could potentially affect 55 Boards. Ms. Kilmer also noted that if licensees would enter CPE as they are taken, the process would be much easier.
- Mr. Jewell reported the VBOA was working with the CPA firm Dixon Hughes Goodman to insure changes to GASB (Governmental Accounting Standards Board) have been incorporated into the Board's annual financial statements. The APA (Auditor of Public Accounts) noted no findings for FY13. The June 30, 2014 Financial Statements will be presented in January.
- Mr. Jewell updated the Board that NASBA is making progress in developing the RFP (Request For Proposal) template for a "generic" licensing database. A conference call is scheduled for Monday, November 17, 2014.
- Mr. Jewell noted he had met with NASBA and the PCAOB (Public Company Accounting Oversight Board) to discuss and share information relative to enforcement processes. For the benefit of the students, Mr. Jewell explained the PCAOB is a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect investors and the public interest by promoting informative, accurate, and independent audit reports. The PCAOB also oversees the audits of brokers and dealers, including compliance reports filed pursuant to federal securities laws, to promote investor protection. Mr. Jewell noted the PCAOB conducts investigations both formal and informal; however, opinions are not published until reviewed by the SEC (Securities and Exchange Commission). The SEC has oversight authority over the PCAOB, including the approval of the Board's rules, standards, and budget. Mr. Jewell noted the VBOA has had no issues working with the PCAOB.

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Ms. Scifres presented and fielded questions regarding the September 2014 Financial Report. She noted that Expense Category 1272 “VITA Pass Thru Charges (SA Maintenance)” budget of \$117,000 should be expended by year-end. Also, regarding Expense Category 1275 “Computer Software Maintenance”, zero expenditure were noted, citing the VBOA was billed quarterly for IT services and had not yet been billed. She noted the Operating Fund Cash Balance of \$713,537 and Special Fund balance of \$1,229,239 after projected transfers. Mr. Jewell noted the VBOA maintains a three-month operating fund.

Ms. Charity presented and fielded questions regarding the September 2014 Board Report. Currently there are 26,447 licensed CPAs. There are 513 licensees with the new Active-CPE Exempt status. Ms. Charity reported 8,038 out-of-state licensees, 1,213 licensed CPA firms, 458 first time candidates applying to sit for the CPA exam, and 184 licensees selected YTD for CPE audit.

BOARD DISCUSSION TOPICS

2015 Virginia-Specific Ethics Course Update/Discussion

Ethics Committee Comments

For the benefit of the students, Mr. Moyers summarized the committee’s September 8 and October 30, 2014 meetings and the Ethic Committee’s recommendation and the Board’s approval of the Virginia Society of CPAs (VSCPA) as the only content provider of the Virginia-Specific Ethics Course, and that all instructors of the course must be approved by the Board and meet certain criteria including being an Active, Virginia CPA in good standing. Mr. Moyers noted the committee had reviewed the VSCPA’s Virginia-Specific Ethics Course suggested pricing for the content at the September meeting. The committee further discussed that instructors approved by the Board would be required to purchase content/material from the VSCPA. At the September meeting, the Ethics Committee primarily discussed and shared its views regarding the content-only pricing component of the overall proposed pricing for the course. The VSCPA presented a revised Virginia-Specific Ethics Course content pricing document at the October 7, 2014 Board Meeting. The Board asked Mr. Moyers if the Ethics Committee members could examine the revisions and make a recommendation to the full Board at the November 13, 2014 Board meeting. Mr. Moyers agreed to hold another Ethics Committee meeting to discuss the latest content pricing proposal. Revisions to content pricing were reviewed by the Ethics Committee at the October 30, 2014 meeting. Mr. Moyers informed the Board that the Ethics Committee had reservations regarding the differential pricing between Non-profit groups and For-profit groups (resale of content). Mr. Bradshaw thanked Mr. Moyers for his update and asked if there was any motion relative to the 2015 Virginia-Specific Ethics Course. Hearing none, Mr. Bradshaw moved on to the next topic.

Proposed instructor-led online Virginia-Specific Ethics Course

During the September 8 and October 30 Ethics Committee meetings the committee recommended the ethics course should be instructor led. Upon a motion by Mr. Moyers, and duly seconded, the Board voted to modify Board Policy #2 and Board Policy # 4 to require the annual Virginia-Specific Ethics Course as an instructor led course. The members voting “**AYE**” were Mr. Bradshaw, Dr. Cochran, Mr. Boshier, Mr. Holland, Ms. Kilmer, Mr. Moyers, and Ms. Saunders.

Mr. Jewell will update Board Policy #2 and Board Policy #4 and present the Board with the approved changes at the January 8, 2015 Board meeting.

On behalf of the VSCPA, Ms. Dingus noted the 2015 Virginia-Specific Ethics Course was being developed by three authors and close to completion. Videos were in the process of being scripted. She

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noted that by March 1, 2015 content would be available for purchase, and by March 19, 2015, the course would be available for public offering.

For the benefit of the audience, Mr. Jewell noted the 2015 Virginia-Specific Ethics Course outline would not be available on the VBOA website. However, a “provider/instructor” application form would be available on the VBOA website. Also, all approved instructors and providers of the 2015 Virginia-Specific Ethics Course would be listed on the VBOA website. Mr. Jewell noted the importance of receiving course feedback from all providers and that feedback would be shared with the Ethics Committee.

Active-CPE Exempt Status Update & Application Process

Mr. Bradshaw led the discussion regarding the new Active-CPE Exempt Status effective July 1, 2014. A licensee must apply for the Active-CPE Exempt Status by completing a written application. The Active-CPE Exempt Status affects CPAs who want to maintain their license but are not providing accounting related services to an employer or the public and do not expect to for a period of time. CPAs who qualify for this status will be allowed to renew their licenses annually by paying the renewal fee and continue to use the CPA title, but will not need to fulfill CPE requirements. A change in status requires approval by the VBOA through an application process. Mr. Jewell noted a policy had been developed for licensees to request an appeal. Currently there had been 17 appeals. In some cases the exemption is clear and with others the process is not quite as simple. Generally, if a licensee is in public accounting, the licensee must maintain CPE. Mr. Boshier pointed out the need for each application to be reviewed on a case-by-case basis and the licensee’s job title does not necessarily guarantee exemption. Ms. Charity reported 930 applications had been received for the new status. Of the 930 applications, 655 applicants had been approved to receive the Active-CPE Exempt Status. Of the 655 licensees receiving the Active-CPE Exempt Status, 493 are either retired or not employed. 162 of the applicants are employed. 275 applications have been denied. There are 13 applicants requesting an initial appeal and 17 applicants requesting their second appeal.

AICPA Compilation/Preparation Services

Mr. Bradshaw led the discussion regarding the AICPA Compilation/Preparation Services. Mr. Bradshaw noted former Chair Steven Holton was drafting changes to the VBOA statutes and regulations. Updates included: to change wording throughout statutes and regulations from “attest services and/or compilation services”, to “attest services, compilation services and/or financial statement preparation services.” In addition, to insure clarity statutes and regulations would need to be updated to include that a firm license is necessary if a firm provides financial statement preparation services. However, it would be clear that non-licensees could include a statement on financial statements indicating that no assurance is provided on the financial statements. In other words, providing financial statement preparation services cannot be restricted to licensees. Mr. Jewell noted that if it were determined changes were necessary to the statutes, the VSCPA could move forward with legislation on their own to assist the VBOA since the deadline had passed for state agencies to submit legislative changes. Ms. Walker advised the statute changes be presented as one bill and would confer with their Board. Upon a motion by Ms. Saunders, and duly seconded, the Board voted to move forward with modifying the statutes regarding the AICPA Financial Statement Preparation Services updates under Mr. Bradshaw’s leadership. The members voting “**AYE**” were Mr. Bradshaw, Dr. Cochran, Mr. Boshier, Mr. Holland, Ms. Kilmer, Mr. Moyers, and Ms. Saunders.

RECESS FOR BOARD LUNCH 12:10

RECONVENE 1:10

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THE FUTURE OF LEARNING PRESENTATION

Dr. Phil Shane, Accounting Department Chair from The College of William & Mary, introduced Dr. Nancy Bagranoff, Dean and Professor of Accounting, Robins School of Business, University of Richmond. Dr. Bagranoff began her career at General Electric Company. She passed the CPA examination in the District of Columbia in 1981 and has taught at several universities. She has co-authored several books and many articles in the area of accounting information systems, consulting and information technology audit and control. Dr. Bagranoff has served on several boards and is currently a member of the board and Executive Committee of the Greater Richmond Chamber of Commerce, the Accounting Accreditation Committee of the Association to Advance Collegiate Schools of Business (AACSB), the Council of the American Institute of CPA's, and the Virginia Advisory Committee to the US Global Leadership Coalition. She has held multiple leadership roles with the American Accounting Association, including President.

Dr. Bagranoff's presentation included a PowerPoint entitled *The Future of Learning*. She noted she was fortunate to live in a time of disruption, and that we must learn to adapt. Dr. Bagranoff presented an evolving learning model. She noted many unconventional ways to learn and teach, including micro learning, social media, mentoring, and peer-to-peer learning. She noted Moocs and Khan Academy as learning tools. She also noted individuals learn more when having to teach the subject matter. Dr. Bagranoff fielded questions.

Mr. Bradshaw re-introduced Linda Espahbodi, Director of the Masters of Accounting Program at the College of William and Mary. Ms. Espahbodi noted CPE is measured by the time an individual spends taking the course. A more efficient method may be measuring the CPE by the knowledge gained. Ms. Saunders noted 10 minute nano sessions for CPE were becoming popular. Mr. Moyers noted the past had equated quantity with quality and the experience of learning was changing. Ms. Espahbodi noted the next "tsunami" to hit the United States was predicted to be student debt. She suggested many different ways of learning, including peer to peer, and noted the problem with learning had become access. Education is expensive. CPAs benefited from smaller segments of learning and greater retention. Mr. Jewell commented that with the benefits of technology children were learning more at a very young age. It is not uncommon for children to surpass their parents in the field of technology. Ms. Espahbodi noted a great deal of challenges, but with these challenges were opportunities.

Mr. Bradshaw re-introduced Dr. Phil Shane. Dr. Shane heads the Department of Accounting at the Mason Business School of the College of William and Mary. Dr. Shane posed the question; what is accounting education and where is it going? He noted as part of the CPA licensure requirements, the VBOA requires 150 semester hours of education and 120 semester hours of education are required as part of the CPA examination requirements. There is no specific structure for the 30 semester hours in between. Dr. Shane encouraged the MAcc boot camp program through The College of William and Mary. He noted the global mindset for education was moving towards online learning and felt the opportunity for teamwork would be missed out. He noted students gathered as much knowledge from outside of the classroom as well as inside. Dr. Shane suggested graduates give back to fellow students in an attempt to help lower student cost. Ms. Saunders noted the 120 semester hours for the examination versus the 150 semester hours to obtain licensure was beneficial in maintaining the high expectations of the accounting profession.

PRESENTATION OF APPROVED CONSENT ORDERS

For the benefit of the students, Mr. Bradshaw explained the complaint process when disciplinary action may be necessary regarding a CPA. He noted complaints were received from many sources including the public, clients, co-workers, IRS, SEC and PCAOB. Once a complaint is received the Board gathers

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information. Depending on the information obtained, the Board may hold an Informal Fact-Finding (IFF) hearing. After the hearing, the Board will make a determination and sanctions are sometimes offered in the form of consent orders. Dr. Cochran, Mr. Boshier, Mr. Holland, Ms. Saunders and Mr. Moyers each provided an actual disciplinary scenario involving a licensee. Sanctions included monetary penalties ranging from \$1,000 to \$25,000. Additionally, Mr. Bradshaw provided insight as to the sanctions imposed in each scenario.

BOARD DISCUSSION TOPICS, continued

CPA Exam – Invitation to Comment from AICPA

Dr. Cochran led the discussion regarding the invitation to comment from the AICPA on the CPA examination. He noted the AICPA represents the CPA profession nationally regarding rule-making and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations. The AICPA (American Institute of CPAs) develops standards for audits of private companies and other services by CPAs; provides educational guidance materials to its members; develops and grades the Uniform CPA Examination; and monitors and enforces compliance with the profession's technical and ethical standards. Dr. Cochran noted the AICPA is requesting feedback from Boards of Accountancy regarding considered changes to the CPA examination. He posed questions such as; what knowledge skills are necessary to be a CPA? What form should the CPA examination take? Should there continue to be four sections on the exam? Should the simulations change? What cost increase would be acceptable? Should the BEC section be a capstone section? Dr. Cochran indicated he would consult with the NASBA Education Committee for comments and respond to Mr. Rick Niswander, Chair of the Board of Examiners. Board members were also asked to provide comments directly to Dr. Cochran if they had them.

Nomination of New Peer Review Oversight Committee (PROC) Member

As the VBOA PROC Liaison, Mr. Moyers led the discussion regarding the nomination of a new PROC Member. For the benefit of the students, Mr. Moyers explained PROCs assist Boards of Accountancy with their regulatory mission to protect the public, by ensuring peer review programs are implemented according to the standards and guidelines. The VSCPA Peer Review Program is subject to administrative oversight of the Program and staff every other year by the American Institute of CPAs (AICPA). He noted the committee had been expanded from three to five members. The two positions have been filled. However, the term for Sam Johnson ends 12/31/2014. Mr. Moyers reviewed Delores C. King's resume and made his recommendation.

Upon a motion by Mr. Bradshaw, and duly seconded, the members voted unanimously to accept the PROC nomination as presented by Mr. Moyers. The members voting "AYE" were Mr. Bradshaw, Dr. Cochran, Mr. Boshier, Mr. Holland, Mr. Moyers, and Ms. Saunders.

ADDITIONAL ITEMS FOR DISCUSSION

Carry Over Items / Potential Future Topics

PROC – Policy on reporting Peer Review results to the Enforcement Committee

Mr. Bradshaw charged Mr. Moyers and Mr. Jewell with moving this topic forward. Mr. Jewell noted December 2, 2014 as the next PROC meeting and invited Ms. Birkenheier and the VSCPA members to attend.

FINAL/APPROVED for November 13, 2014
THE VIRGINIA BOARD OF ACCOUNTANCY

Background checks for licensees

Background checks for licensees remain a carryover item.

Enforcement – Records Retention

The Enforcement – Records Retention topic remains a carryover item.

CPE- VBOA/VSCPA Discussions

The CPE – VBOA/VSCPA topic remains a carryover item.

Sign Conflict of Interest Forms

Sign Travel Expense Vouchers

Future Meeting Dates

Thursday, January 8, 2015

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Mr. Bradshaw and duly seconded, the meeting was adjourned by unanimous vote at 2:55 p.m. The members voting “**AYE**” were Mr. Bradshaw, Dr. Cochran, Mr. Boshier, Mr. Holland, Mr. Moyers, and Ms. Saunders.

APPROVED:

W. Barclay Bradshaw, CPA, Chair

COPY TESTE:

Wade A. Jewell, Executive Director