

**VIRGINIA BOARD  
OF ACCOUNTANCY**

**Biennial Report  
2013-2014**

Virginia Board of Accountancy  
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# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Message from the Executive Director

I am pleased to present the Virginia Board of Accountancy's Biennial Report for the fiscal year that ended June 30, 2014. As in past years, the VBOA continues to be blessed with extremely dedicated, engaged and active Board members. Many of our current and former Board members, as well as myself, are active with the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants.

Our involvement helps to ensure that Virginia remains active in, and on top of, subject matter that guides the accounting profession and the CPA exam. Virginia is well respected for its members' involvement at the national level! The Board members dedicate hundreds of volunteer hours in serving the Board and is evidenced by our significant accomplishments these last two years.

To effectively communicate important and timely information to our CPA exam candidates, licensee candidates, licensees and the public, the Board continues to improve its communications efforts through the website, social media and newsletters.

In summary, over the past several years the VBOA has: continued to hold at least one board meeting each year on a Virginia college or university campus; redesigned and renamed its electronic newsletter (Accrued Interest); introduced a new logo; launched the use of social media (Facebook and Twitter); implemented a fee increase (the first in more than 20 years); participated and won the two Governor's Bowl, a state agency competition supporting local food banks; implemented two new licensee statuses: Active – Renewal Fee Delinquent and Active – CPE Exempt to more accurately reflect a licensee's status to the public; made changes to the requirements regarding the 2015 and beyond Virginia-Specific Ethics Course; approved the use of a new online CPE tracking system for all



licensees, which launched in October 2014; continued to update and modify a user friendly website; and utilized an annual online customer service satisfaction survey to ensure the VBOA's commitment to provide outstanding customer service to Virginia's exam candidates and licensees.

Accomplishments are important to recognize and are a reflection of where we have been and where we are today. However, the improvements will not stop here! As we move forward, we the Board and staff will continue to enhance our operations, customer service and delivery of key services. The VBOA will also continue to enhance its communications efforts to ensure our CPA exam candidates, licensees and the public are kept up-to-date on the issues that are of most importance from a regulatory board viewpoint.

We also have plans to update or replace our existing exam and licensing database system that will provide a more comprehensive and user-friendly experience. We have made tremendous progress during the past two years and look forward with great anticipation to the plans we have developed for the future of the VBOA.

- Wade A. Jewell, VBOA Executive Director



# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Board staff

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<b>Mary T. Charity</b>	Director of Operations	mary.charity@boa.virginia.gov
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## Board office address

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# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## About the VBOA

The Virginia Board of Accountancy, established in 1910, regulates certified public accountants in Virginia through a program of examination, licensure (individuals and firms), consumer protection (enforcement), continuing professional education and peer reviews. Unlike most state agencies in Virginia, the VBOA is not funded by public tax dollars. The VBOA is an independent, non-general fund agency whose revenues are wholly dependent upon the fees established for CPA exam candidates, applicants and licensees.

The VBOA may impose penalties on persons using the CPA title or firms providing attest services or compilation services to persons or entities located in Virginia, or on a person or firm who does not hold a Virginia license or who does not meet the requirements to use the CPA title in Virginia in accordance with the Board's statutes and regulations. All monetary penalties collected by the VBOA are deposited to the state literary fund – such funds are not available to the VBOA as operating funds.

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## Mission and values

The VBOA's mission is to protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of CPAs and CPA firms.

The Board's commitment to excellence is demonstrated through the agency's values:

- **High ethical standards and integrity:** Pledging principled and reputable conduct
- **Exceptional customer service:** Demonstrating a courteous, empathetic and helpful attitude while assisting each customer to reach their goal
- **Honesty and fairness:** Acting with openness, impartiality and consistency
- **Teamwork:** Excelling mutually, the Board will work together with citizens and licensees to achieve the shared vision
- **Competence:** Striving for proficiency through creativity, innovation and diversity
- **Communication:** Achieving enhanced understanding between the Board, the educational community, the regulated community and the public through effective communications, interactions and service
- **Continuous improvement:** Striving to innovate and to change where change is needed
- **Financial stewardship:** Maintaining frugality with respect to the expenditures of funds

# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Board membership

Board membership is defined in § 54.1-4402.B., of the Code of Virginia. In summary, the Board is comprised of four CPAs who have been actively engaged in providing services to the public using the CPA title for at least three years prior to appointment to the Board, one CPA for at least three years prior to the appointment to the Board shall have been actively engaged in providing services to the public using the CPA title or in providing services to an employer in government or industry using the CPA title, one educator in the field of accountancy who is a CPA, and one public member who may be an accountant who is not licensed as a CPA. Each member is appointed by the Governor to serve a four-year term and may not serve for more than two consecutive terms.

## Current Board members and Executive Director



**W. Barclay Bradshaw, CPA**  
Richmond  
Board Chair in fiscal year 2015

**Robert J. Cochran, Ph.D., CPA**  
Midlothian  
Board Vice Chair in fiscal year 2015

**Matthew P. Boshier**  
Richmond

**James M. "Jim" Holland, CPA**  
Chesterfield

**Andrea M. Kilmer, CPA, CFF, CGMA**  
Virginia Beach  
Board Chair in fiscal year 2014

**Marc B. Moyers, CPA**  
Manakin-Sabot

**Stephanie S. Saunders, CPA**  
Virginia Beach

**Wade A. Jewell**  
VBOA Executive Director

# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Board members

### **W. Barclay Bradshaw, CPA**

Term: July 1, 2011- June 30, 2015

Chair: FY 2015

W. Barclay Bradshaw, CPA, graduated from the University of Richmond in 1977 with a B.S. in Business Administration. He was licensed as a Certified Public Accountant in 1979. He holds CPA licenses in Virginia and North Carolina.

From 1977-91 Bradshaw was with Deloitte & Touche (Gary, Stosch, Walls & Company through January 1988) as a staff accountant, senior accountant and senior manager. From 1991-present he has served as a shareholder with L.P. Martin & Company, a public accounting firm in Richmond, Va.

Bradshaw has approximately 35 years of public accounting experience, with both national and Central Virginia firms. He has major audit and tax responsibilities in the real estate and not-for-profit client practices. His experience includes providing service to voluntary health and welfare organizations, foundations, religious organizations and a variety of other similar organizations.

He has also served a variety of construction-related entities as well as multifamily housing projects. In addition, he has provided audit services to private and governmental organizations in compliance with the audit requirements of HUD, VHDA, FTA and OMB.

Bradshaw's professional and civic activities include:

- Member and past president of the Richmond chapter of the Virginia Society of Certified Public Accountants



- Member and past vice-chair of the Virginia Society of Certified Public Accountants
- Member of the American Institute of Certified Public Accountants
- Past CPA section campaign chairman of the United Way of Greater Richmond
- Past president of the University of Richmond Robins School of Business Alumni Association
- Elder and treasurer of Three Chopt Presbyterian Church
- Past board member and treasurer of Pine Run Community Association
- Recognized as Super CPA 2002 through 2014 in Virginia Business Magazine

# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Board members, continued

### **Robert J. Cochran, Ph.D., CPA**

Term: July 1, 2011-June 30, 2015

Vice chair: FY 2015



Robert J. Cochran, Ph.D., CPA, earned a BBA with a concentration in accounting from the College of William and Mary in 1979. He began his career in the Washington, D.C., office of Peat, Marwick, Mitchell & Co. At PMM&Co., he served a variety of audit clients, primarily in the financial services industry.

In 1984, Cochran left PMM&Co. to pursue an opportunity with a start-up wholesale mortgage banking concern eventually becoming the Senior Vice President and Chief Financial Officer. As a result of a series of mergers and acquisitions, he also served as the President of a three office

retail mortgage bank in the Washington metro-area and as the Senior Vice President and Chief Administrative Officer for Crestar Mortgage Corporation in Richmond, Va.

Cochran left Crestar Mortgage in 1997 to enroll in the doctoral program at Virginia Commonwealth University. Since earning his Ph.D. in 2001, he has taught a variety of accounting and finance courses, first at the University of Richmond and since 2003 at Longwood University.

In addition to teaching, he has held several service positions at Longwood including faculty adviser for the Accounting Association and sponsor and coach for students participating in what was the annual Goodman & Co. Accounting Challenge. He also works closely with a variety of CPA firms interested in hiring Longwood accounting graduates. He was elected by the students in the College of Business and Economics as the outstanding professor of the year in 2010 and the outstanding adviser to a student organization in 2005 and 2008. Cochran also taught summer school at Longwood's Chinese partner university in Ma'anshan, China in 2010.

Cochran is a member of the AICPA and the VSCPA. He has been a member of the VSCPA Ethics Committee since 2007. He was a member of the Bon Air Rotary Club 1995-2006 and is a Paul Harris Fellow.



# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Board members, continued

### **Matthew P. Boshier**

Term: Aug. 29, 2014-June 30, 2016

Matthew P. Boshier is a partner with the law firm of Hunton & Williams LLP. He concentrates on disputes and investigations relating to financial reporting and corporate governance matters.

He represents public companies, executives, accounting firms and others in a wide variety of litigation matters, enforcement actions and SEC investigations, private securities fraud suits, and other complex commercial litigation. He has also conducted numerous internal investigations concerning allegations of accounting fraud, alleged breaches of fiduciary duties, violations of the Foreign Corrupt Practices Act and other alleged regulatory compliance failures.

Boshier frequently advises companies regarding internal controls and corporate governance best practices, and has authored articles on matters that impact public companies and the accounting profession.

He was named to the 2014 class of “Leaders in the Law” by Virginia Lawyers Media, the publisher of Virginia Lawyers Weekly.

Boshier also has an active pro bono practice



representing individuals wrongfully convicted of serious crimes. For his pro bono work, he received the 2012 Mid-Atlantic Innocence Project “Defender of Innocence” Award and was named to the National Law Journal’s 2013 “Pro Bono Hot List.”

Boshier earned his undergraduate and law degrees from the University of Virginia and resides in Richmond with his wife, Tess, and their three daughters.

# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Board members, continued

### James M. “Jim” Holland, CPA

Term: July 1, 2013-June 30, 2017



James “Jim” Holland, CPA, was appointed to the Virginia Board of Accountancy by Governor Bob McDonnell in September 2013. He currently serves on the Chesterfield County Board of Supervisors, being re-elected as the Dale District Supervisor in November 2011. He was elected as the Board of Supervisors chair in 2014.

Holland, a 25-year resident of Chesterfield County, was born in Gates, N.C., and received a master’s degree in business administration from North Carolina Central University in 1980 and a B.S. from Fayetteville State University in 1979, with honors.

He served in the United States Army at Fort Bragg, N.C., from January 1972 to December 1974, in the 18th Airborne Corp, 118th Military Police Company as a paratrooper and military policeman during the de-escalation of the Vietnam War.

Holland is the President of Holland & Company, CPA. He is retired from Philip Morris USA International. He is also a professor of accounting and CPA adviser at Virginia Commonwealth University.

He is a member of the Chesterfield Democratic Party and is an active member in the American Institute of Certified Public Accountants and the Virginia Society of CPAs. Holland has been active in the Chesterfield County Drug and Alcohol Abuse Task Force, Parent-Teacher Association, Chesterfield County Council of PTAs as District Vice President, President of Jacobs Athletic Association and Treasurer of Manchester High School Band Boosters Club. Holland also serves on the Supervisory Committee of the Virginia Credit Union. He was appointed to the Board of Commissioners, Virginia Public School Authority from 2002-08 and was appointed by Governor Tim Kaine as chair in 2008.

Holland and his wife, Judith, a teacher for Chesterfield County Public Schools, have two children.

Committee appointments/regional assignments include:

- Richmond Regional Planning District Commission
- Richmond Area Metropolitan Transportation Planning Organization
- Richmond Metropolitan Convention & Visitors Bureau
- Capital Region Taxicab Advisory Board
- Richmond Diamond Operation Committee
- Capital Region Workforce Partnership Chief Local Elected Officials Consortium
- Chesterfield Board of Supervisor’s Budget and Audit Committee

# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Board members, continued

### **Andrea M. Kilmer, CPA, CFF, CGMA**

Term: July 1, 2010-June 30, 2018

Chair: FY 2014

Andrea M. Kilmer was certified as a public accountant in Virginia in 1980, after graduating cum laude from Old Dominion University.

After practicing in public accounting for more than six years with national and regional firms, Kilmer serves as president and CEO for The ESG Companies. She has extensive experience in all areas of accounting, tax, finance, administration and operations of numerous diverse businesses in Virginia for more than 30 years. Her experience includes oversight and management of more than 1,000-plus employees. She has been actively involved in the creation of both permanent and seasonal jobs in areas as diverse as construction, hotels, agriculture, restaurants, amusement parks, computer training facilities, automobile dealerships, shopping centers and marinas, and understands well the challenges faced by business owners in the Commonwealth.

In addition, Kilmer and The ESG Companies have been involved in actively pursuing the development of green energy jobs by architecting a sustainable energy policy in the state of Florida. She is excited about the possibility of duplicating this process in the Commonwealth.

In 2009, she was named Small Business CFO of the year by Virginia Business Magazine. In addition to



being a CPA, Kilmer is licensed as a real estate broker, mortgage broker, property casualty and health insurance agent, notary public, Class A contractor and a Florida sports manager. She is certified in financial forensics by the American Institute of Certified Public Accountants.

Kilmer actively and routinely volunteers for numerous charitable organizations in numerous roles including treasurer and director, and was awarded the highest honor that can be given to a council volunteer by the Tidewater Council of the Boy Scouts of America.

# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Board members, continued

### **Marc B. Moyers, CPA**

Term: July 1, 2012-June 30, 2016



Marc B. Moyers, CPA, graduated from the University of Virginia with a B.S. in commerce.

Currently, Moyers is the National Sector Leader for KPMG's Private Equity practice in the U.S. He serves as Global Lead Partner to the Carlyle Group, a KPMG Global Account. In this capacity, Moyers ensures the firm delivers best-in-class service, resources, thought leadership and responsiveness across its audit, tax and advisory service lines to Carlyle and each of its portfolio companies across the globe. He also sits on the KPMG Global Private Equity Steering

Committee along with KPMG partners, leading private equity in other regions of the world. Moyers joined the Richmond office in 1977 and was admitted to the partnership in 1986. He served as office managing partner from 2000-08.

Moyers has more than 30 years experience in public accounting, including serving diverse investment firms (including private equity funds, venture capital funds and stock brokerage firms). He also has substantial experience working with investment firms and other clients on M&A transactions, including providing due diligence assistance. He has assisted a number of clients in registering their initial public offerings with the Securities and Exchange Commission.

In addition, he has served as lead audit engagement partner on a number of premier clients designated as Americas Accounts including the Brink's Company, Circuit City Stores, Inc., CarMax, Inc. and Performance Food Group Company. He has extensive experience serving consumer and industrial businesses from manufacturers to distributors to various retail outlets, including durable and non-durable goods, as well as food and beverage.

Moyers has also served on the Board of Directors for the YMCA and as trustee for the Richmond Ballet.

# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Board members, continued

### Stephanie S. Saunders, CPA

Term: July 1, 2012-June 30, 2016

From 1981, Stephanie S. Saunders, CPA, has served as a shareholder with Saunders & Saunders, PC, in Virginia Beach, Va. From 1975-81, she was the tax manager with Price Waterhouse (merged with Waller & Woodhouse in 1980).

In 1975, Saunders earned a B.S. in business administration with an accounting concentration from Old Dominion University. While in school, she was named student senator for the School of Business, student representative to the Board of Visitors and Panhellenic president.

Saunders holds memberships in the Tidewater Chapter of the Virginia Society of Certified Public Accountants, Virginia Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Professional achievements include:

- Ethics discussion leader, VSCPA, 2004 to present
- Committee member, AICPA strategic planning committee, 2006-09
- Council member, AICPA, 2001-08
- Past chair, VSCPA Educational Foundation, 2008-10
- Vice chair, VSCPA Educational Foundation, 2006-07
- Past chair, VSCPA, 2002-03
- Past president, Tidewater Chapter of VSCPA, 1996-97
- Past president, Norfolk Chapter of American Society of Women's Accountants
- Past committee member, Federal Taxation Committee, Disclosures
- Board member, VSCPA, 1996-03
- Virginia Business Magazine, Super CPA, 2006-11



Community activities and volunteer experiences include:

- Past committee member, Old Dominion University accounting fundraising committee
- Past member, Old Dominion University accounting advisory committee
- Past chairman, St. Mark's Catholic Church finance council
- Past member, Catholic High School steering committee
- Past member, Catholic High School auction acquisition and sponsorship committees
- Speaker, "Understanding Taxes," Personal Finance Institute ODU Center for Economic Education
- Financial Fitness Instructor, VSCPA
- LPGA committee chairman, Crestar Farm Fresh Classic

Saunders enjoys golf, skiing and reading while her family includes husband, Tim, and daughters.



# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Partner organizations

The VBOA works closely with partner organizations to fulfill its mission. Through these partnerships, the VBOA remains knowledgeable in the area of education (as it relates to the CPA exam, licensure and continuing professional education); keeps informed of regulatory and legislative issues; participates in national organizations through committee representation and uses available resources to assist in protecting the public.

### **American Institute of Certified Public Accountants**

Founded in 1887, the AICPA is the world's largest association representing the accounting profession, with more than 400,000 members in 145 countries. The AICPA's mission is to provide members with the resources, information and leadership that enable them to provide valuable services in the highest professional manner to benefit the public, employers and clients. In fulfilling its mission, the AICPA works with state CPA organizations and gives priority to those areas where public reliance on CPA skills is most significant. The AICPA sets ethical standards for the profession and U.S. auditing standards for the audits of private companies, not-for-profit organizations and federal, state and local government. It also develops and grades the Uniform CPA Examination. To learn more, visit [www.aicpa.org](http://www.aicpa.org).

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### **National Association of State Boards of Accountancy**

Founded in 1908, NASBA has served as an association dedicated to enhancing the effectiveness of the country's 55 boards of accountancy. As a driving force within the accounting profession, NASBA accomplishes its mission by creating a forum for accounting regulators and practitioners to address issues relevant to the viability of the accounting profession. The mission of NASBA is to enhance the effectiveness and advance the common interests of the Boards of Accountancy. NASBA strives to provide high quality, effective programs and services; identify, research and analyze major current and emerging issues affecting state boards of accountancy; strengthen and maintain communications with member boards to facilitate the exchange of ideas and opinions; and develop and foster relationships with organizations that impact the regulation of public accounting. To learn more, visit [www.nasba.org](http://www.nasba.org).

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### **Virginia Society of Certified Public Accountants**

Founded in 1909, the VSCPA has a membership of more than 11,000 accounting professionals across Virginia. The VSCPA is the leading professional association dedicated to enhancing the success of Virginia CPAs and their profession by communicating information and vision, promoting professionalism and advocating members' interests. The VSCPA serves as the profession's voice at the state and national level, promoting the CPA credential while protecting the public. In addition to keeping members informed of regulatory and legislative issues, the VSCPA offers cost-effective continuing professional education, leadership development, volunteer opportunities and career resources. To learn more, visit [www.vscpa.com](http://www.vscpa.com).

# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Significant accomplishments

During the biennium, the VBOA launched several initiatives on behalf of CPA licensees in Virginia. Listed are some of the agencies significant accomplishments in fiscal years 2013 and 2014.

### Online customer service satisfaction survey

In the summer of 2013 and 2014, the VBOA conducted an online customer service satisfaction survey.

In 2013, more than 29,000 emails were sent to Virginia CPAs, as well as another 5,000 to exam candidates. In total, 791 responses were received with a 96 percent overall satisfied rating in specific areas of customer service.

In 2014, the survey was sent out to a smaller pool of individuals in the accounting profession. Criteria included exam candidates who applied between July 1, 2012 and June 30, 2014 and CPAs and CPA firms who were licensed during that same time period totaling more than 5,600 emails. The satisfied rating totaled 95 percent for the VBOA's customer service from 404 respondents.

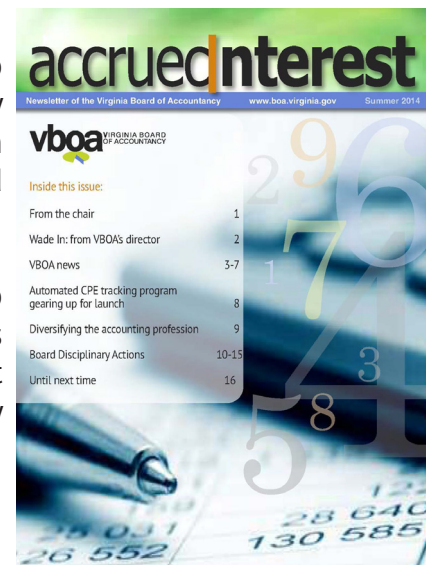
The annual survey confirms VBOA's commitment to provide the best customer service to the accounting community in Virginia.

### VBOA newsletter: Accrued Interest

In March 2014, the VBOA published an online newsletter targeted to members of the accounting profession throughout Virginia. The newly redesigned and renamed newsletter, Accrued Interest, was released with engaging and relevant content including thematic articles, frequently asked questions, VBOA news and statistical reports.

The August 2014 issue followed the same design and layout themes to establish a consistent communication tool for the VBOA. Articles and news included a new CPE tracking tool, updates to a new Active - CPE Exempt status and Board Disciplinary Actions. Each issue also included easily accessible links to Virginia statutes, agency websites and a comprehensive listing of all newly licensed Virginia CPAs.

Accrued Interest can be found on the VBOA website home page.



# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Significant accomplishments, continued

### Governor's Bowl

The VBOA took home the top award for Virginia agencies in the Governor's Bowl competition in 2012 and 2013. The competition, in conjunction with the Chambers of Commerce, was organized regionally, with the "Governor's Bowl" going to the Chamber or state agency that collects the most pounds of food per capita for its local food bank.



Winners were determined based on the highest total pounds collected, divided by the number of employees in each agency. The VBOA raised funds that were donated directly to the Central Virginia Food Bank.

In 2012, VBOA employees donated 514.38 pounds per person. In 2013, it was 802 pounds per person. Celebratory bowls were given to the VBOA for each award and both are now displayed in the agency office reception area.

More than 1.1 million pounds of food were raised in just two years of the Governor's Bowl competition throughout the state of Virginia.

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### Fee increase

The VBOA implemented a fee increase effective Jan. 1, 2013. As an independent, non-general fund agency, fees the VBOA charge for services it provides are its only source of revenue.

The last licensure fee increase for Virginia CPAs occurred more than 20 years ago, in 1991. Since then, the profession has continually grown, technology has changed with a significant increase in expenditures, overall expenses have risen with inflation, and the need for staff resources has increased.

A significant portion of VBOA expenditures are state-mandated. Excluding salaries and fringe benefits, only 6 percent of the VBOA's budget is considered "discretionary."

Additionally, the process for changing a regulatory agency's fee structure is very time-consuming, often taking up to three years from initial notification to implementation. Many factors can change during this lengthy process that can affect a non-general fund agency's cash position.

The VBOA had kept fees as low as possible since before the increase, remaining prudent with regard to all expenditures, and believing that fees should only be changed when absolutely necessary. The new fee structure is summarized into four major categories: CPA exam-related fees, CPA licensure fees for individuals, CPA licensure fees for firms and administrative fees.



# VIRGINIA BOARD OF ACCOUNTANCY OVERVIEW

## Significant accomplishments, continued

### Renewal status for late licensees

In 2013, the VBOA made changes to the renewal status for late licensees. Individuals holding a license have an additional 12 months after the expiration date to renew. During this grace period, the licensee status will show “Active-Renewal Fee Delinquent” and the individual will still be considered as holding a Virginia license. If the license is not renewed by the end of the additional 12-month period, it will then be considered “expired” and the process of license reinstatement will be required.

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### New Active – CPE Exempt status

Starting in July 2014, VBOA started accepting applications for a new status for licensees, Active – CPE Exempt. Active – CPE Exempt affects CPAs who want to maintain their license but are not providing services to an employer or the public and don’t 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, including submission of a company bio/resume and job description, if currently employed when applying for the status change. Since the launch of the new status, VBOA has received more than 900 Active – CPE Exempt applications from CPAs.

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### Changes to 2015 Virginia-Specific Ethics Course

In May 2014, the VBOA approved the Virginia Society of CPAs as the sole provider of the Virginia-Specific Ethics Course content and material beginning with the 2015 course. All instructors of the ethics course must hold an active, in good standing, Virginia CPA license and be approved by the VBOA. Moving forward, the Board will not accept any Virginia-Specific Ethics Courses completed from a non-approved sponsor and the licensee will be penalized for not completing the approved course.

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### CPE Tracking

In October 2014, VBOA partnered with NASBA on the launch of a new, automated tracking system for continuing professional education credits. The new system, CPE Tracking, is a service available to all Virginia CPAs if they choose and offers licensees the ability to track and record their own earned CPE credits. However, the new online system will be mandatory for CPAs selected for a CPE audit. CPE Tracking creates a viable history with automated tracking, which will not only help VBOA allocate its resources in the most efficient manner, but also ease the CPE management workload required for Virginia CPAs. Before the system launched, the Virginia Society of CPAs automated data transfers of all completed VSCPA CPE to the new tracking system.



The VBOA CPE Tracking system, sponsored by NASBA, is offered free of charge to all actively licensed CPAs in the Commonwealth.



# AUDIT REPORT SUMMARIES

## Financial statements and information security

The VBOA is required to prepare annual financial statements in accordance with generally accepted accounting principles and shall be audited annually by the Auditor of Public Accounts, or legally authorized representatives, or by a firm selected by the Board through a competitive procurement, in accordance with § 54.1-4420 of the Code of Virginia.

The following summaries are presented for the audit reports issued during this reporting period.



### **FY12 – FY13 Financial statements**

The APA Audit Reports on the VBOA’s financial statements, dated Feb. 25, 2013, and March 12, 2014, respectfully, state, “In our opinion, the financial statements . . . present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Board as of June 30, 2012, and 2013, respectfully, and the respective changes in financial position thereof for the years ended in conformity with accounting principles generally accepted in the United States of America.”

### **FY12 – FY13 Internal control over financial reporting and on compliance and other matters**

The APA Audit Reports on the internal control over financial reporting and on compliance and other matters, dated Feb. 25, 2013, and March 12, 2014, respectfully, did not identify any deficiencies in internal control over financial reporting that were considered to be material weaknesses and disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **FY12 – FY13 Commonwealth of Virginia Information Security Report**

This report is prepared by the chief information officer of the Commonwealth to the Governor and the General Assembly, as directed by §2.2-2009 of the Code of Virginia. The Commonwealth’s current risk posture is calculated based on results against target metrics and specific security data points. This report listed the Board of Accountancy’s overall information security program in compliance for 2012 and 2013.

# SUMMARY STATISTICS

## Financial summary

The VBOA fulfills its mission through numerous programs and functions, to include financial management and accountability, CPA examination, CPA licensure, CPE and consumer protection (enforcement).

The VBOA is an independent, non-general fund agency whose revenues are wholly dependent upon the fees established for CPA exam candidates, applicants and licensees. Ensuring the fiscal integrity of the VBOA's operations is an essential protection function. The VBOA has a responsibility to ensure that the fee structure generates sufficient revenues to cover the VBOA's ongoing operating expenses, to sustain growth and to ensure that the VBOA's trust account balance is sufficient to protect its purpose.

The purpose of the trust account is to provide a supplemental source of funds to the Board on a timely basis for:

- Its use in the study, research, investigation or adjudication of matters involving possible violations of the provisions of this chapter or regulations promulgated by the Board
- Any other purpose that the Board determines is germane to its statutory purposes and cannot otherwise be funded through the operating fund

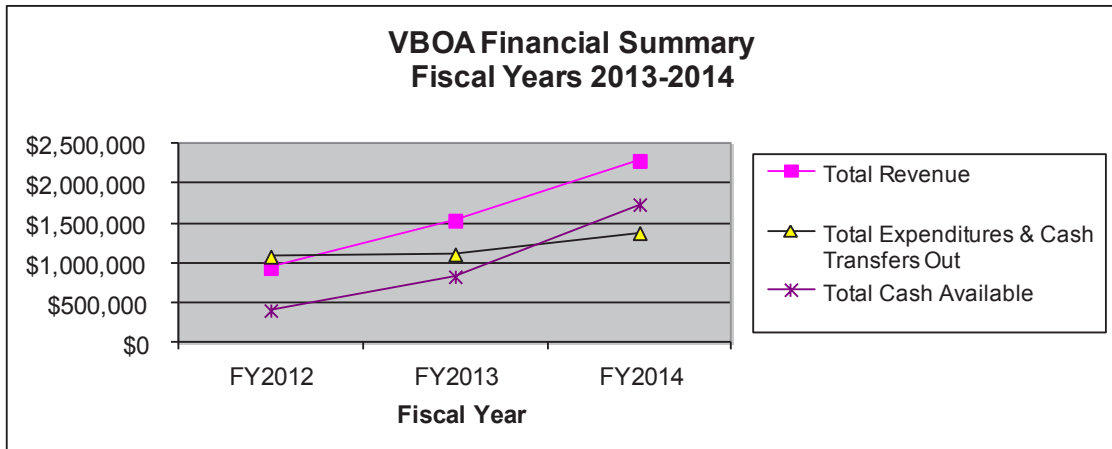
The need for this fund has been amply demonstrated by the dramatic collapse of prominent publicly-held companies in the early 2000s, recent high-profile investment frauds, and the most recent economic recession, all of which testify to the importance of high ethical and professional standards and accountancy boards' vigilance in protecting the public.

<b>Financial summary (cash basis)</b>			
	<b>FY ended June 30, 2012</b>	<b>FY ended June 30, 2013</b>	<b>FY ended June 30, 2014</b>
<b>Fee revenues</b>	\$935,341	\$1,531,393	\$2,282,926
<b>Interest earned</b>	\$0	\$0	\$0
<b>Expenditures</b>	(\$1,057,927)	(\$1,096,058)	(\$1,366,765)
<b>Cash transfers out *</b>	(\$20,300)	(\$9,555)	(\$8,466)
<b>(Deficit)/Surplus</b>	<b>(\$142,886)</b>	<b>\$425,780</b>	<b>\$907,695</b>
<b>Appropriation</b>	<b>\$1,231,905</b>	<b>\$1,589,773</b>	<b>\$1,648,384</b>
<b>Cash balances:</b>			
<b>Operating fund</b>	\$191,617	\$499,865	\$504,017
<b>Trust account</b>	\$208,164	\$325,696	\$1,229,239
<b>Total cash available</b>	<b>\$399,781</b>	<b>\$825,561</b>	<b>\$1,733,256</b>

\* Transfers required by the respective Appropriations Act for savings incurred by non-general fund agencies, expenses incurred by general fund agencies on behalf of non-general fund agencies and state budget shortfall contributions.

# SUMMARY STATISTICS

## Financial summary, continued

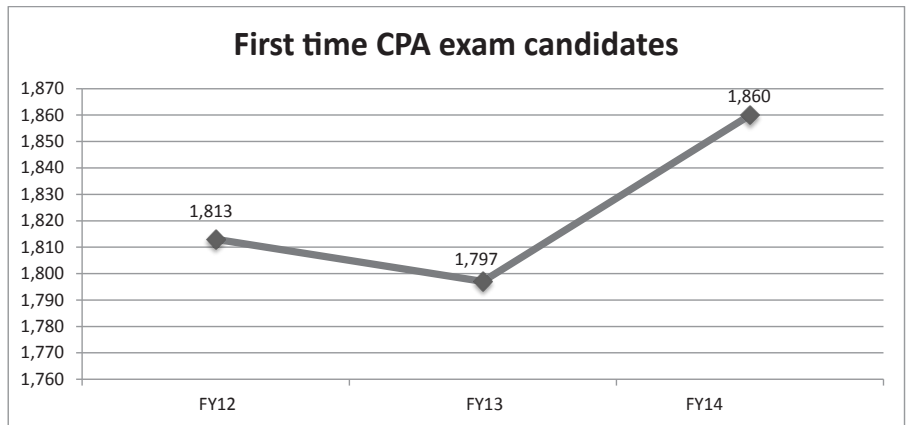


Recognizing that additional revenues would be necessary to cover operating expenses, the Board initiated a regulatory change to increase fees in January 2008. The final phase of this fee package was approved in September 2012 and became effective on Jan. 1, 2013. The Board anticipates that this fee increase will sustain its operational needs for at least the next six years.

## CPA examination

Individuals must fulfill the following requirements in order to be eligible to take the Virginia CPA exam.

- Obtain from one or more accredited institutions, or the National College, at least 120 semester hours of education
- Baccalaureate or higher degree
- Accounting concentration or equivalent



CPA licensure in Virginia requires at least 150 semester hours of education, a baccalaureate or higher degree, and an accounting concentration or equivalent.

The chart depicts the number of first time applicants to take the CPA exam over the past three fiscal years. The VBOA experienced a 2.6 percent increase in applications from fiscal year 2012 through fiscal year 2014.

# SUMMARY STATISTICS

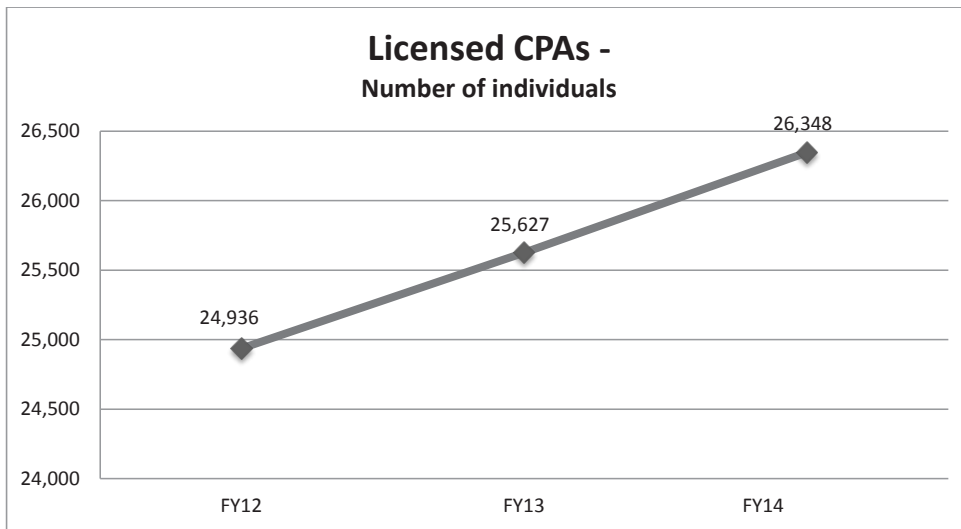
## CPA licensure

In order to become a licensed CPA in Virginia, a candidate must first meet the “3 E’s”:

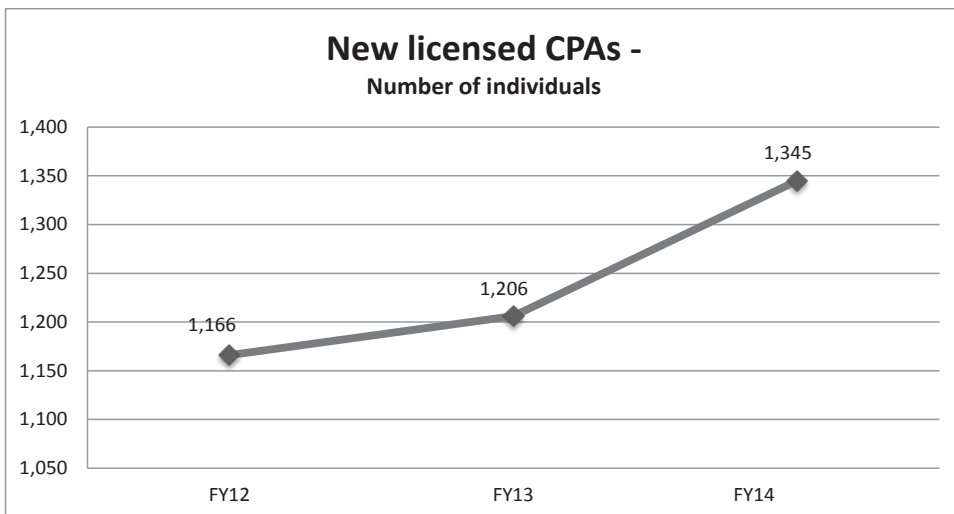
- Education
- Exam
- Experience

Once a candidate has met the education and experience requirements, and has passed the CPA exam, he or she may apply for licensure in Virginia.

The following charts demonstrate the total number of active licensed CPAs in Virginia for the past three fiscal years, as well as the number of new CPA licenses issued for each of the past three fiscal years.



From FY12 to FY14, the total number of licensed CPAs has increased 5.7 percent.



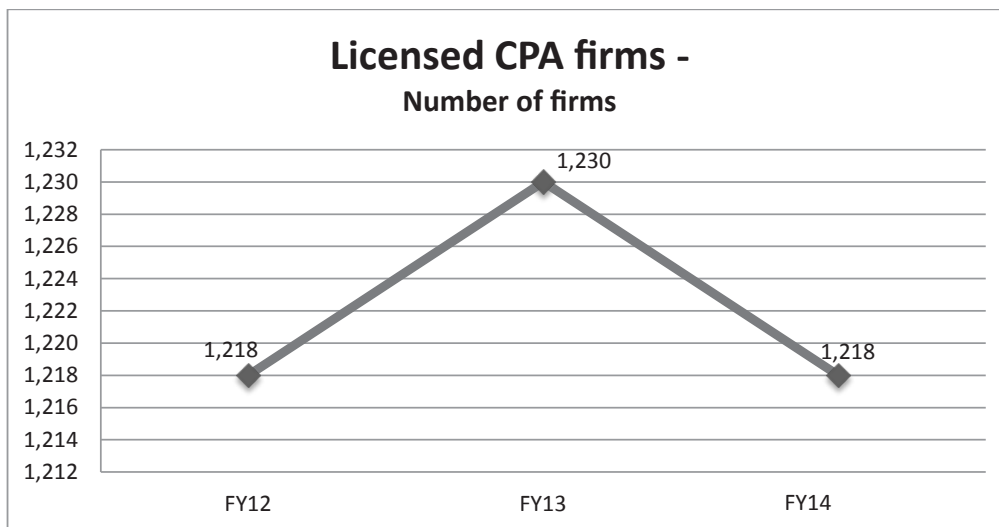
From FY12 to FY14, the annual number of new licensed CPAs has increased 15.4 percent.

# SUMMARY STATISTICS

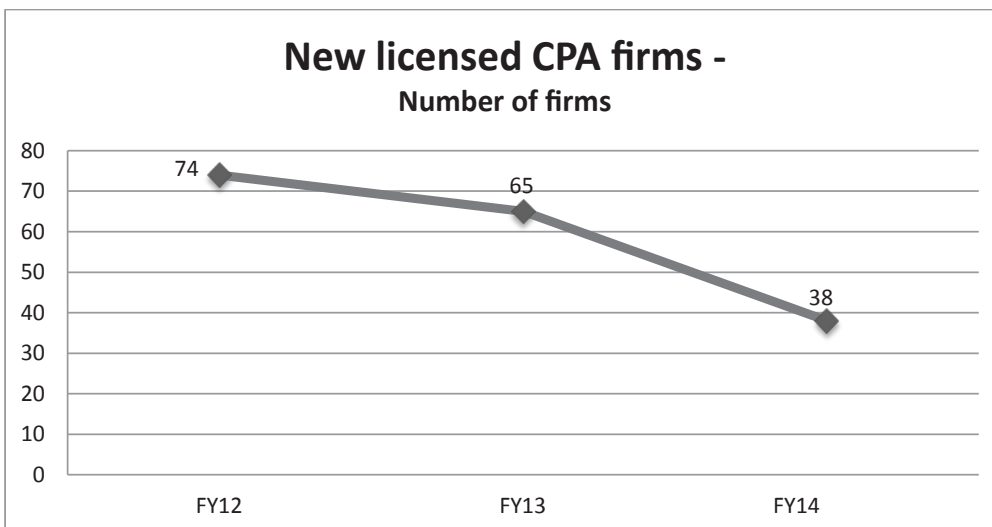
## CPA firm licensure

In accordance with subsection A of § 54.1-4412.1 of the Code of Virginia, only a firm can provide attest or compilation services to persons or entities located in Virginia. Therefore, any firm providing such services must have a firm license.

The following charts demonstrate the total number of active licensed CPA firms in Virginia for the past three fiscal years, as well as the number of new CPA firm licenses issued for each of the past three fiscal years.



From FY12 to FY14, the total number of licensed CPA firms has not changed.



From FY12 to FY14, the annual number of new licensed CPA firms has decreased 48.6 percent.

# SUMMARY STATISTICS

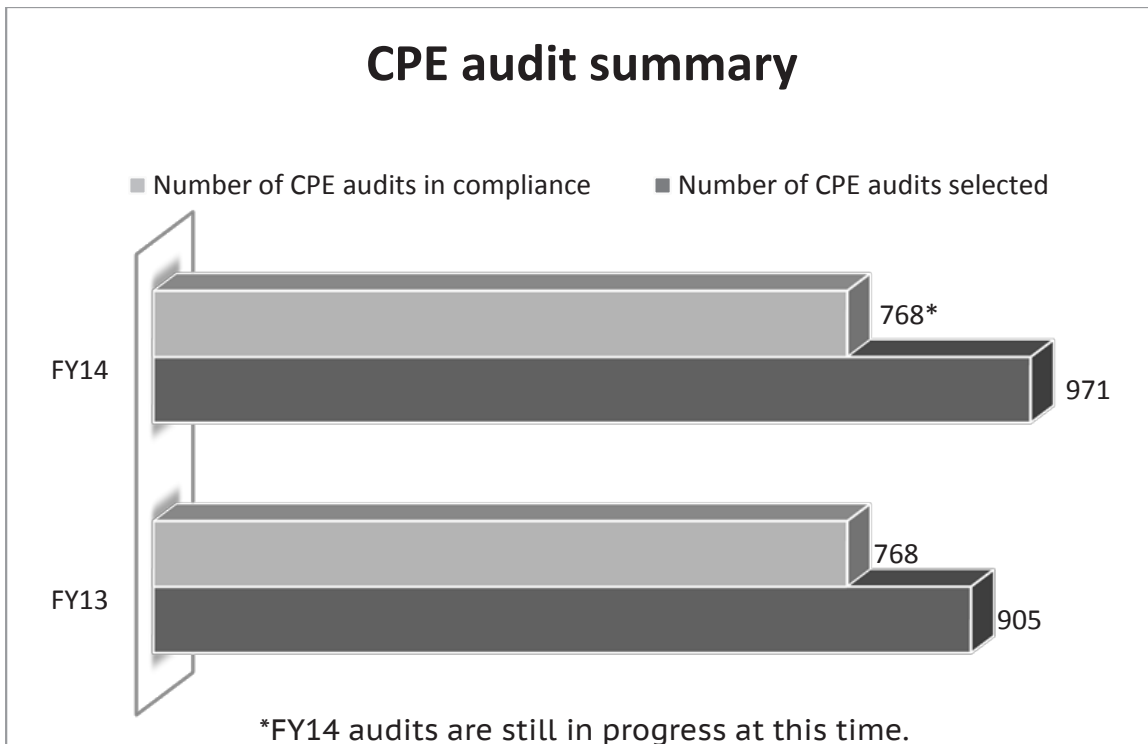
## Continuing professional education (CPE)

In accordance with § 54.1-4409.2 of the Code of Virginia and Board Regulation 18VAC5-22-90, a person who holds a Virginia CPA individual license, applies for an initial license or applies to have their license reinstated is required to obtain CPE.

On a monthly basis the VBOA randomly selects licensed Virginia CPAs for CPE compliance. Licensees are notified by VBOA staff if they are selected for a CPE compliance review (audit). If selected, licensees are required to submit acceptable supporting CPE documentation to verify compliance. As a function of this CPE review process, licensees may be required to provide additional documentation as requested by the VBOA to support compliance. In addition to the random selection process, licensed Virginia CPAs will also be selected for a CPE audit as a component of any open investigation (enforcement case), or in situations where the VBOA believes that a CPE audit is warranted.

As the result of a CPE audit, the VBOA may find that a licensee has violated the CPE requirements during the reporting period. In such cases enforcement action will be taken and the licensee will generally be offered a consent agreement and be subject to disciplinary action.

The following chart displays the number of CPE audits selected over the past two years and the number of audits in compliance.



From FY12 to FY14, the number of CPE audits selected increased by 11.9 percent.



## ENFORCEMENT ACTIVITY

### Authority

The VBOA's statutory authority is in Chapter 44 of Title § 54.1 of the Code of Virginia (§ 54.1-4400 et seq).

Pursuant to § 54.1- 4402.G. of the Code of Virginia, “The Board shall take such actions as may be authorized by this chapter to ensure that persons using the CPA title in Virginia and firms providing attest services or compilation services to persons or entities located in Virginia adhere to the standards of conduct and practice in § 54.1-4413.3 and regulations promulgated by the Board.”

Specific powers and duties of the VBOA related to the initiation and receipt of complaints can be found in § 54.1-4403 of the Code of Virginia.

The VBOA will investigate complaints against Virginia licensees, expired licensees or non-licensees using the CPA title or performing services in Virginia restricted to CPAs or CPA firms. The VBOA does not have any authority over non-CPA accountants or bookkeepers (unless they are using the CPA title or are performing services in Virginia restricted to CPAs or CPA firms).

In addition to the general statutory mandates, the disciplinary process is governed by the Virginia Administrative Process Act, Section 2.2-4000 et seq. of the Code of Virginia and includes the following primary goals:

- To investigate complaints against licensees and unlicensed individuals that are within the jurisdiction of the VBOA
- To coordinate investigations of matters with other agencies that involve significant loss or harm to Virginia citizens
- To increase adherence to licensing requirements and professional standards by licensed CPAs and licensed public accounting firms
- To resolve VBOA enforcement matters and adjudicate complaint cases in a timely manner
- To maintain the confidentiality of information obtained during investigations
- To monitor licensees disciplined by the VBOA
- To publicize disciplinary actions necessary to protect the public

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### Common complaints

Generally, the VBOA investigates between 50 and 75 complaints per year. Complaints may originate from the public, another CPA, a client, a previous client, a state or federal agency and/or other sources. The VBOA itself may initiate a complaint.





## ENFORCEMENT ACTIVITY

### Common complaints, continued

Some common complaints investigated include:

- CPA title use by expired licensees, non- CPA accountants, bookkeepers or firms (unlicensed activity)
- Tax errors or failure to complete services
- Failure to return client records or respond to clients
- Embezzlement, fraud and/or theft
- Disclosure of confidential information
- Misrepresentations
- Lack of independence
- Audit failure
- Insider trading
- Failure to maintain competency
- IRS, SEC, SCC, DOE, AICPA or VSCPA sanctions
- Felonies
- Failure to provide due professional care
- Ethics violations
- Violations of the respective Virginia statutes and/or regulations

Some common complaints **not** investigated by the VBOA include:

- Fee disputes
- Authority over non-CPA accountants or bookkeepers
- Disagreements, minor errors or mistakes

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## Procedures

Once a complaint is received by the VBOA office, it is reviewed by the Enforcement Manager. If probable cause exists to initiate an investigation, the complaint is assigned a case number and the investigation process begins. Depending upon the type of complaint and/or violation of statute or regulation, the case may be administered by VBOA staff or referred to the VBOA Enforcement Committee for resolution.

If sanctions are deemed appropriate, a potential resolution of the complaint is proposed in writing to the CPA or unlicensed individual in the form of a Consent Order. If the individual signs the Order agreeing fully to the terms and conditions, the Order is then brought before the full Board for approval. The Board may accept or reject the Order in whole or in part. If the individual chooses not to sign the Order, he or she may elect to be heard in an administrative Informal Fact-Finding (IFF) Conference before the Enforcement Committee. The Enforcement Committee will review the merits of the case and present the Presiding Officer's recommendations to the Board for consideration. The Board may accept or reject the recommendations in whole or in part. The CPA or unlicensed individual has 30 days to appeal the Board's final case decision to the courts.

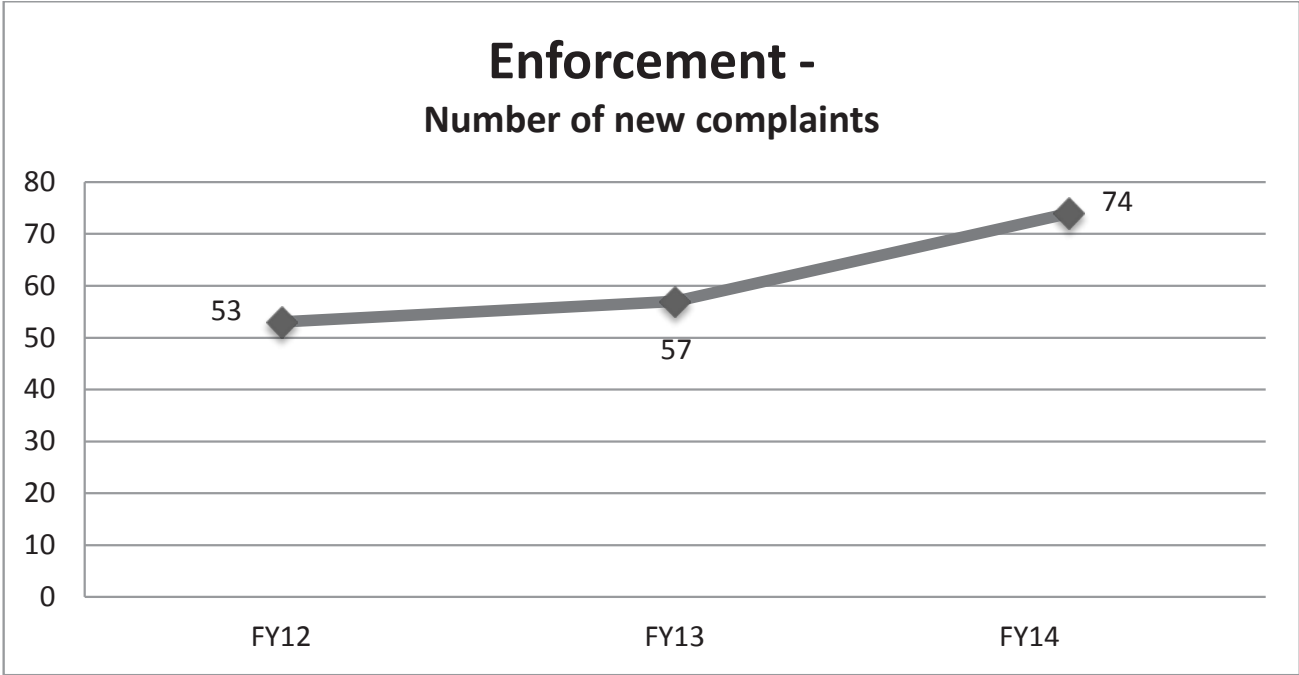
All open cases are deemed confidential and are not made available to the public. However, closed cases are made available to the public upon a Freedom of Information Act request.



### Enforcement statistics

In carrying out its mission, the VBOA is responsible for investigating complaints against CPAs, CPA firms and unlicensed activities.

The following chart represents the total number of new complaints during fiscal years 2012 through fiscal year 2014.





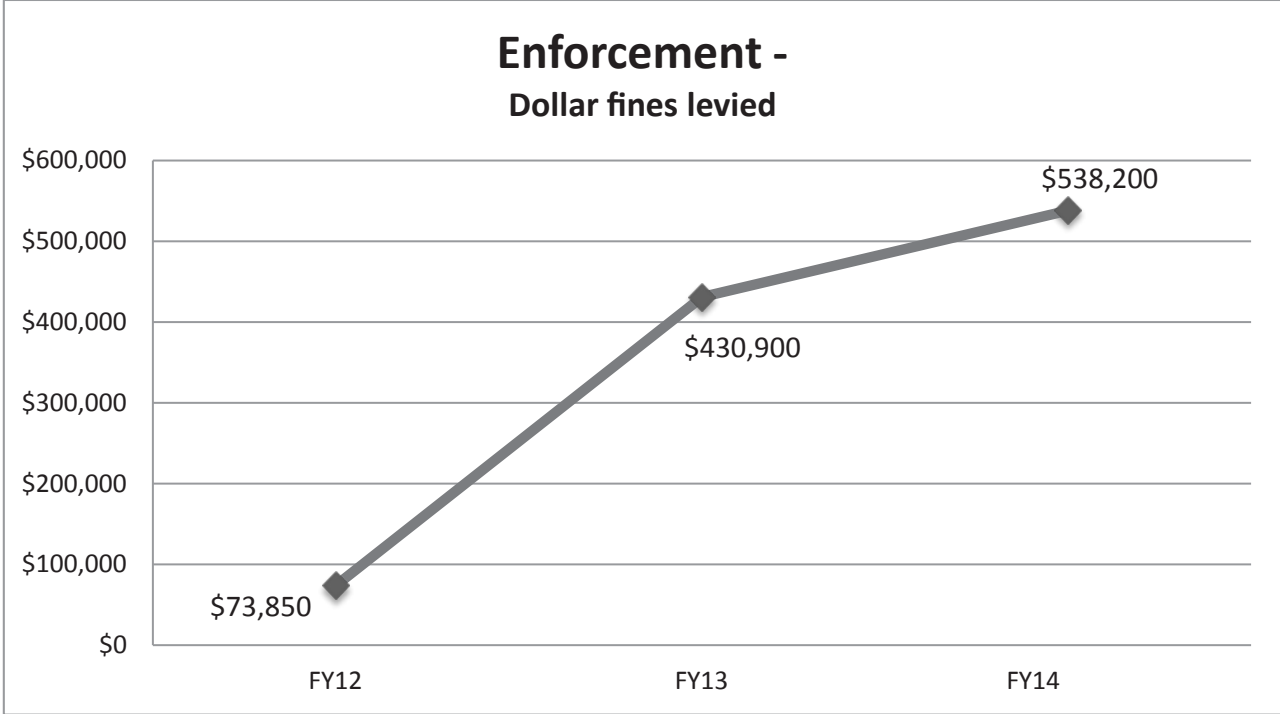
# ENFORCEMENT ACTIVITY

## Penalties and fines

Virginia licensees, expired licensees or non-licensees using the CPA title or performing services in Virginia restricted to CPAs in violation of the respective Virginia statute and/or regulations are subject to penalties by the Board. Penalties may include reprimand, probation, fine, cost-recovery, additional or specific CPE, practice monitoring and license or service suspension or revocation. All monetary penalties collected by the VBOA are deposited into the state literary fund and such funds are not available to the VBOA as operating funds.

In accordance with the provisions of § 54.1-4413.4 of the Code of Virginia, the VBOA may impose a monetary penalty up to \$100,000 for each violation of the provisions of Chapter 44 of Title 54.1 or regulations promulgated by the Board.

The following chart displays the dollar amount of fines levied from fiscal year 2012 through fiscal year 2014.



# ENFORCEMENT ACTIVITY

## Closed investigations

A summary of closed enforcement cases from calendar years 2011-13 by source of complaint, allegation/issue and resolution follows.

Number of closed cases	2011	2012	2013
	79	112	61

The following table displays the source of complaints received and the number of cases investigated from 2011-13. Beginning in 2013, CPE deficiencies were no longer reported as an investigation.

## Source of complaints

	VBOA CPE audit	Client	Employer/employee	Other CPA	Anonymous	Federal, state, local or international agency/jurisdiction*	Non-governmental professional organization**	Public	Totals
<b>2011</b>	41 cases	9 cases	2 cases	9 cases	5 cases	3 cases	1 case	9 cases	<b>79 cases</b>
	52%	11%	3%	11%	6%	4%	2%	11%	100%
<b>2012</b>	74 cases	21 cases	2 cases	1 case	5 cases	3 cases	0 cases	6 cases	<b>112 cases</b>
	66%	19%	2%	1%	4%	3%	0%	5%	100%
<b>2013</b>	—	16 cases	1 case	2 cases	21 cases	16 cases	1 case	4 cases	<b>61 cases</b>
	—	26%	2%	3%	34%	26%	2%	7%	100%

\* Examples: IRS, PCAOB, SCC, SEC and HUD

\*\* Examples: AICPA, NASBA and VSCPA

# ENFORCEMENT ACTIVITY

## Closed investigations, continued

The following table displays the allegations and issues received and the number of cases from 2011-13. Beginning in 2013, CPE deficiencies were no longer reported as an investigation.

### Allegations and issues

	Unlicensed activity	Due professional care	Tax-related matters	Discreditable act	CPA exam candidates	CPE deficiency	Holding client files	Totals
<b>2011</b>	11 cases	5 cases	6 cases	4 cases	8 cases	41 cases	4 cases	<b>79 cases</b>
	14%	6%	8%	5%	10%	52%	5%	100%
<b>2012</b>	16 cases	15 cases	5 cases	7 cases	5 cases	62 cases	2 cases	<b>112 cases</b>
	14%	14%	4%	6%	4%	56%	2%	100%
<b>2013</b>	28 cases	18 cases	0 cases	5 cases	7 cases	3 cases	0 cases	<b>61 cases</b>
	46%	30%	0%	8%	11%	5%	0%	100%

# ENFORCEMENT ACTIVITY

## Closed investigations, continued

The following table displays the case resolutions from 2011-13 cases. Beginning in 2013, CPE deficiencies were no longer reported as an investigation.

### Case resolutions

Closed by Board Order or Consent Order*					Closed by other means					
Revocation	Suspension	Monetary penalty	Reprimand	Other**	Denial of CPA exam request	No violation found	Withdrawal of complaint	Other***	Totals	
<b>2011</b>	0 cases	3 cases	26 cases	35 cases	0 cases	7 cases	6 cases	2 cases	0 cases	<b>79 cases</b>
	0%	4%	32%	44%	0%	9%	8%	3%	0%	100%
<b>2012</b>	5 cases	5 cases	37 cases	32 cases	4 cases	5 cases	15 cases	4 cases	5 cases	<b>112 cases</b>
	4%	4%	33%	29%	4%	4%	14%	4%	4%	100%
<b>2013</b>	1 case	2 cases	33 cases	3 cases	2 cases	0 cases	16 cases	2 cases	2 cases	<b>61 cases</b>
	2%	3%	55%	5%	3%	0%	26%	3%	3%	100%

\* Many Board Orders and Consent Orders contain multiple penalties. In cases with more than one penalty, the resolution is classified by the most severe penalty. Penalties listed above range from most severe to least severe.

\*\* Examples: Additional CPE, written/oral essay and appearance before the Board.

\*\*\* Examples: Closed by mediation, closed by another state board, judged outside the Board's jurisdiction and passing the case to the Commonwealth Attorney's office for prosecution.

# vboa



VIRGINIA BOARD  
OF ACCOUNTANCY

