

Ethics Committee Meeting

July 23, 2020

10 a.m.

1 316-500-7282 PIN: 564 653 798#

9960 Mayland Drive

Henrico, VA 23233

- I. Welcome and introductions
 - II. Public comment period
 - III. Review and approval of agenda
 - IV. Review of new ethics model for 2021
 - a. Brief summary of last year's ethics evaluations, CPE survey
 - b. PowerPoint presented to Board
 - c. VBOA policy updates (#2, #4, #8)
 - V. 2021 VBOA Segment
 - a. Suggested topics to include
 - i. CPE audit process
 - ii. CPE guidelines to include what's allowed
 - iii. Enforcement
 - iv. Policy/regulation updates
 - v. Continuous testing
 - vi. Inactive status – all CPAs must renew annually
 - vii. Volunteer guidelines
 - b. Additional topics
 - c. Timeline for accepting course applications, reviewing, accepting
 - d. Audit of VBOA Segment
 - e. Evaluation questions for course providers
 - VI. Next steps/other items
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Persons desiring to attend the meeting and requiring special accommodations or interpretive services should contact the VBOA at (804) 367-8505 as soon as possible prior to the meeting so that suitable arrangements can be made for an appropriate accommodation. The VBOA fully complies with the Americans with Disabilities Act.

Virginia-Specific Ethics Course 2020 Draft Outline

1. Introduction Video

- Brief video explaining the objectives for the 2020 VA Specific Ethics course (Brian and Laurie).

2. Enforcement

- Prior year's enforcement cases and statistics – making ethical decisions on a daily basis.

3. Complaint Process

- Explain the VBOA enforcement complaint process to include the extensive enforcement and investigative process (include vignettes, video or storyboard).

4. Virginia Regulatory Updates

- Discuss the annual June 30 license renewal date for all individual licensees and firms and the responsibility of the licensee to renew. VBOA provides courtesy reminders.
- Discuss the “no grace” period for license renewal. There are no late renewal fees. If the license is not renewed on or before June 30, the license will go into expired status. Reinstatement of the license is required once the license is in expired status.
- Discuss the license reinstatement requirements once the license has expired.
- Discuss continuous testing for the Uniform CPA Examination
- Discuss CPE, at a high level -
 - Include an explanation of the VBOA CPE requirements
 - Include an explanation of the documents that are acceptable forms of CPE
 - Include an explanation of the rolling 3-year CPE reporting period
 - Discuss the NASBA CPE Audit Service and benefits to using the system
 - Discuss the June 30 individual license renewal date will not impact the CPE reporting period
- Change from Active – CPE Exempt status to Active status.
- Volunteering – Discuss the boundaries for the CPA as a volunteer (Provide updated guidelines)
- Other professional organizations
 - AICPA Code of Professional Conduct
 - Discuss PEEC (Professional Ethics Executive Committee) updates

5. Ethical Decision Making

- Presentation of ethical dilemmas – present vignettes, discuss, present outcome of vignette. Provide “What would you do?” scenarios.
 - Some potential topics
 - How to say no to an employer or client
 - Better communication to avoid ethical lapses
 - Professional skepticism

- Fraud triangle scenarios – rationale, opportunity and pressure- generally starts small and develops
- Client confidentiality/cybersecurity
- Social media as it relates to the profession (acts discreditable)
- Examples of ethical decision-making

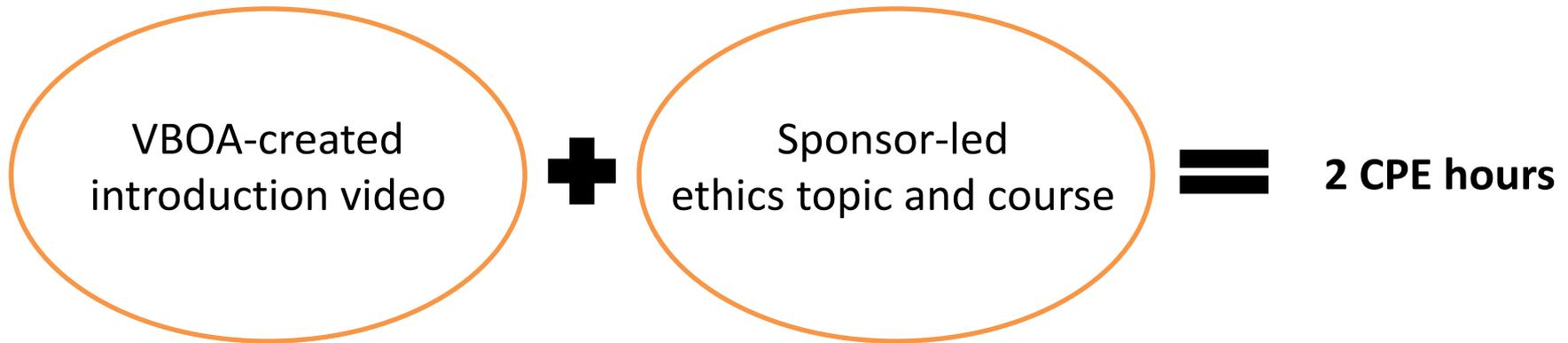
6. Complete standard evaluation form (to be developed)

7. Instructor criteria, approval, and evaluation (to be developed)



Proposed format for Virginia-Specific Ethics Course 2021

Virginia-Specific Ethics Course recommendations



This format follows VBOA Policy #4 that states:

“It is the intent of the VBOA that all CPE:

- (1) Meet the requirements of VBOA regulations 18VAC5-22-90 and 18VAC5-22-140
- (2) Provide course content pertinent to the profession
- (3) Assist the person who holds a Virginia license in becoming a better accounting professional”



Benefits to new format

- The VBOA will manage the message completely with regulatory changes and updates, in our own voice to every CPA.
- Appeals to CPAs in different types of practices/industries
- More accessibility
- Lower cost overall for CPAs taking the course
- Being responsive to CPE survey results and feedback
- Increase efficiency to establish standard operating procedures for VBOA staff
- More in line with other boards of accountancy ethics format
- No need for RFP process or contract management



VBOA Ethics Committee responsibilities

- Continue to outline the message for the year
- Members will assist in the audit of sponsor-led courses, as necessary
- Review evaluations of VBOA-created video
- Determine any tweaks for next year



VBOA administrative responsibilities

Staff now:

- Organize Ethics Committee meeting
- Develop Ethics Outline
- Review and edit video and course content
- Pre-approve sponsors
- Pre-approve instructors
- Manage all feedback and evaluations for the course
- Monitoring sponsor and instructor compliance
- RFP and contract management (The RFP process is time and resource intensive.)

Staff for new format:

- Organize Ethics Committee meeting
- Develop Ethics Outline and provide direction to NASBA (or other vendor)
- Review and approve video
- Pre-approve courses based on established criteria
- Audit sample of courses (Ethics Committee)
- Conduct annual survey based on a random sample and collect feedback on a website form.

The proposed new format will require less staff resources and based on discussions with other State boards the process is easily streamlined.



Other state boards of accountancy

We researched each state and held conversations with contacts from different state boards of accountancy.

34 jurisdictions either:

- Do not have an ethics requirement
- Have an ethics requirement, but do not specify what satisfies the requirement
- Generally state that professional/behavioral/regulatory/AICPA ethics are all accepted
- Deem any vendor listed by NASBA as acceptable

22 jurisdictions have some higher level of specificity:

- State-specific
- Board-approved
- State-specific **and** Board-approved



Other state boards of accountancy

Some examples include:

- **Washington:** requires Washington-specific ethics courses
- **Ohio:** offers two types of ethics courses that each require sponsor approval
 - PSR (professional standards and regulations) for license renewal
 - Ohio-specific PSR for new licensees, reinstatements, and as part of disciplinary sanctions
- **Arkansas:** develops an ethics video training free of charge that is required to be completed by all licensees

States we spoke to have straightforward processes for both vendors and licensees. Approval process is based on a standard operating procedure that is easy to administer.

Virginia and **Tennessee** are the only states who have exclusive providers.



Current ethics vendors

Vendors currently providing the Virginia-Specific Ethics Course often provide similar courses for other states and directly receive feedback on our current ethics requirement.

The VBOA spoke to a number of vendors, including smaller, local firms as well as major national providers, including PBMares, Thomas Reuters, and Professional Education Services (PES).

Each vendor, without prompting, echoed the same themes regarding the **current** Virginia-Specific Ethics Course:

- It is repetitive and not as relevant as it could be.
- The live-instructor requirement does not suit all learning needs.
- Due to the purchasing fees from the VSCPA, the course is more expensive to consumers compared to other similar courses.
- The idea of moving towards a more annual regulatory/policy update is appealing.
- Current course does not actually address issues that are often related to disciplinary action.

VBOA Policy #2

TITLE:

Continuing Professional Education Guidelines for Sponsors

EFFECTIVE DATE:

August 19, 2020

AUTHORITY:

VBOA regulation 18VAC5-22-90

POLICY STATEMENT:**VBOA-approved ethics course (beginning with the 2021 course)**

The Virginia Board of Accountancy (VBOA) requires that all people holding a Virginia license who have not been granted an exemption or waiver to complete on an annual basis a VBOA-approved ethics course that complies with VBOA regulation 18VAC5-22-90 and VBOA Policy #4. The required annual ethics course must be completed no later than January 31 of each year to meet the previous calendar-year requirement. No sponsor may provide the annual ethics course later than January 31 for the previous calendar year.

Every VBOA-approved ethics course shall include the segment provided by the VBOA (the "VBOA Segment"). The VBOA Segment will be a presentation and/or video covering one or more topics the VBOA has determined should be covered in every VBOA-approved ethics course.

When seeking VBOA approval for an ethics course, the sponsor must (i) obtain the VBOA Segment from the VBOA and (ii) submit the proposed course, including the VBOA Segment, to the VBOA for approval.

Sponsors approved by the VBOA shall submit all course and evaluation comments to the VBOA within 60 days of receipt.

Sponsors will be required to demonstrate their compliance with the VBOA's policy on content/material prior to approval. Sponsors or courses not pre-approved annually by VBOA staff will not be recognized by the VBOA as an acceptable VBOA-approved ethics course. A person who holds a Virginia license will not be deemed to have met the annual ethics requirement if they complete a Virginia ethics course from a non-approved sponsor.

Sponsors providing CPE other than the VBOA-approved ethics course

With the exception of a Virginia-approved ethics course, the VBOA does not maintain agreements with sponsors, pre-qualify sponsors or individual courses, or require a person who holds a Virginia license to obtain CPE from specific sponsors. Sponsors are encouraged to comply with the Statement on Standards for CPE Programs issued jointly by the American Institute of Certified Public Accountants (AICPA) and National Association of State Boards of Accountancy (NASBA).

The VBOA generally accepts relevant and qualifying CPE from the following sponsors:

- National Registry of CPE Sponsors in affiliation with NASBA

- Quality Assurance Service in affiliation with NASBA
- Accredited college or university offering semester or quarter-hour credits
- Employer of a CPA
- Federal, state or local government
- State CPA society
- AICPA

The VBOA may accept hours of CPE from other sponsors. However, CPE obtained from sponsors not listed above may be subject to further examination and additional documentation requirements.

At a minimum, sponsors must provide licensees a certificate of completion or some other form of documentation that includes the sponsor's name, participant's name, course/content name, date taken and hours of CPE earned.

APPROVAL AND REVIEW:

This VBOA policy was reviewed on June 23, 2020.

SUPPRESSION:

This VBOA policy replaces VBOA Policy #2 that was effective on December 31, 2018.

**VBOA CHAIR AT
LAST REVIEW:**

D. Brian Carson, CPA, CGMA, Chair

**VBOA MEMBERS AT
LAST REVIEW:**

Laurie A. Warwick, CPA, Vice Chair
Matthew P. Boshier
W. Barclay Bradshaw, CPA
William R. Brown, CPA
Nadia A. Rogers, CPA
Stephanie S. Saunders, CPA

EXECUTIVE DIRECTOR:

Nancy J. Glynn, CPA

VBOA Policy #4

Continuing Professional Education Guidelines for CPAs

TITLE:

EFFECTIVE DATE:

AUTHORITY:

POLICY STATEMENT:

August 19, 2020

Code of Virginia §§ 54.1-4409.2 and 54.1-4413.2 and VBOA regulations 18VAC5-22-90 and 18VAC5-22-140

Specific CPE requirements of the Virginia Board of Accountancy (VBOA) are listed in the authority sections named above. This policy details the CPE guidelines approved by the VBOA.

General guidelines

Persons who hold a Virginia license must obtain 120 hours of CPE during a rolling three-calendar-year reporting period. For each calendar year within the reporting period, the person must obtain a minimum of 20 hours of CPE that must include a VBOA-approved ethics course of at least 2 hours. If the person releases or authorizes the release of reports on attest services, compilation services, or financial statement preparation services during the calendar year, the person must obtain a minimum of 8 hours of CPE related to those services in that same calendar year, which are included as part of the annual minimum and reporting period minimum.

CPE requirements for persons who have been newly issued a Virginia license can be found in VBOA regulation 18VAC5-22-90(B). CPE requirements for a person wishing to reinstate a Virginia license or wishing to transition the status of their Virginia license from Inactive back to Active can be found in VBOA regulation 18VAC5-22-90(C).

The VBOA recognizes that 50 minutes of CPE participation equals one hour of CPE. Conversion of semester hours or quarter hours from an accredited college or university into hours of CPE can be found in VBOA regulations. CPE requirements may be adjusted depending upon when a person who holds a Virginia license begins or ceases to provide services to the public or to or on behalf of an employer in accordance with VBOA regulation 18VAC5-22-90. Specific questions may be addressed by contacting the VBOA. All persons who hold a Virginia license have until January 31 to complete the previous calendar year's CPE requirements.

VBOA-approved ethics course (beginning with the 2021 course)

The VBOA requires that all people who hold a Virginia license complete on an annual basis a VBOA-approved ethics course of at least 2 hours, which includes the VBOA Segment as defined in VBOA Policy #2, unless the person has been granted the Inactive status for their Virginia license or the VBOA has granted a waiver of this requirement.

The VBOA-approved ethics course of at least 2 hours is a separate and distinct annual requirement from the one-time American Institute of Certified Public Accountants ethics course needed for initial licensure.

People who hold a Virginia license must complete the VBOA-approved course which includes the VBOA Segment no later than January 31 of each year to meet the previous calendar-year requirement. No sponsor may provide the annual ethics course later than January 31 for the previous calendar year.

The VBOA-approved ethics course must include the specific VBOA Segment. Licensees must complete a VBOA-approved ethics course annually.

It is the responsibility of a person who holds a Virginia license to ensure that sponsors providing the VBOA-approved ethics course are listed on the VBOA's website as an approved sponsor of this course. A person who holds a Virginia license will not be deemed to have met the annual ethics requirement if they complete an ethics course from a non-approved sponsor.

People who hold a Virginia license must also ensure that sponsors provide a certificate of completion or some other form of documentation that includes the sponsor's name, participant's name, course/content name, date taken and hours of CPE earned.

If the person also holds the license of another state and Virginia is not his principal place of business, the ethics course taken to comply with this subsection either shall conform with the requirements prescribed by the VBOA or shall be an ethics course acceptable to the board of accountancy of another state in which the person holds a license.

Qualifying CPE other than the VBOA-approved ethics course

It is the intent of the VBOA that all CPE (1) meet the requirements of VBOA regulations 18VAC5-22-90 and 18VAC5-22-140; (2) provide course content pertinent to the profession; and (3) assist the person who holds a Virginia license in becoming a better accounting professional. The VBOA accepts CPE obtained through a variety of forums, providing that the person who holds a Virginia license is able to demonstrate that learning objectives were met.

A variety of continuing professional education is acceptable, as specified in VBOA regulations.

The VBOA will determine on a case-by-case basis the acceptability of other forums for CPE not otherwise specified in regulation. Restrictions on specific forums for CPE are found in VBOA regulations. Acceptance of hours of CPE is at the discretion of the VBOA.

The VBOA has also approved that Continuing Education (CE), Continuing Education Units (CEU), Continuing Legal Education (CLE), Continuing Medical Education (CME), and Quality Assurance Service (QAS) are acceptable as hours of CPE.

With the exception of the VBOA-approved ethics course, the VBOA does not currently require people who hold a Virginia license to obtain CPE from specific or approved sponsors.

CPE reporting period

The VBOA uses a rolling three calendar-year period to determine CPE compliance. This period includes the three calendar years prior to the current calendar year. For example, if asked by the VBOA to produce evidence of CPE compliance, submit such evidence for the three calendar years prior to the current calendar year.

CPE compliance reviews

On a monthly basis, the VBOA randomly selects people who hold a Virginia license for CPE compliance. The VBOA will notify licensees selected for a CPE compliance review. If selected, a person will be required to submit acceptable CPE documentation to verify compliance through a means determined by the VBOA. As a function of this CPE review process, a person may be required to provide additional documentation as requested by the VBOA to support compliance.

In addition to the random selection process, people who hold a Virginia license will also be selected for a CPE compliance review as a component of any open investigation or enforcement case or in situations where the VBOA believes that a CPE compliance review is warranted.

CPE documentation requirements

Required documentation can generally be satisfied by providing:

- Certificates of completion or some other form of documentation from the CPE sponsor(s) including the sponsor(s)' name, participant's name, course/content name, date taken and hours of CPE earned.
- Official transcript of the college or university for earning course credit at an accredited college or university.
- Syllabus/agenda and signed statement indicating the length of the presentation when making a presentation.
- Copy of published article, book or written material (or proof of publication) when producing written material relevant to CPAs who provide services to the public or to or on behalf of an employer.

The VBOA has restrictions on the types of documentation it regards as acceptable. The VBOA will not accept receipts, registration confirmations, canceled checks, outlines, PowerPoint presentations or sign-in sheets, etc., as valid CPE documentation.

Retention requirements for CPE documentation

People who hold a Virginia license must retain CPE documentation for the four calendar years preceding the current calendar year.

CPE violations

As the result of a CPE compliance review, the VBOA may find that a person who holds a Virginia license has violated the CPE requirements during the reporting period. In such cases, enforcement action may be taken and the person will generally be offered a Consent Order and be subject to disciplinary action.

A person who holds a Virginia license may also determine on their own, outside of a CPE compliance review, that they are deficient in CPE for a specific reporting period. The person should notify the VBOA immediately when it is determined that a CPE deficiency has occurred.

In accordance with VBOA regulations, depending on the facts and circumstances, the VBOA may waive all or part of the CPE requirement for one or more calendar years or grant additional time for complying with the CPE requirement, provided that the waiver or deferral is in the public interest. However, requests for a waiver or a deferral must generally be received in advance of the deadline for CPE completion. It is the policy of the VBOA that such waivers or deferrals generally be considered only in situations resulting from extreme medical hardship or active military deployment.

Requests for a waiver or deferral made under this section will be considered on a case-by-case basis. Such approvals are rare.

This VBOA policy was reviewed on June 23, 2020.

This VBOA policy replaces VBOA Policy #4 that was approved on September 30, 2019.

D. Brian Carson, CPA, CGMA, Chair

Laurie A. Warwick, CPA, Vice Chair

Matthew P. Boshier

W. Barclay Bradshaw, CPA

William R. Brown, CPA

Nadia A. Rogers, CPA

Stephanie S. Saunders, CPA

Nancy J. Glynn, CPA

APPROVAL AND REVIEW:

SUPPRESSION:

**VBOA CHAIR AT
LAST REVIEW:**

**VBOA MEMBERS AT
LAST REVIEW:**

EXECUTIVE DIRECTOR:

VBOA Policy #8

Ethics Committee

TITLE:

EFFECTIVE DATE:

AUTHORITY:

POLICY STATEMENT:

August 19, 2020

Code of Virginia §§ 54.1-4409.1, 54.1-4409.2 and 54.1-4413.2 and VBOA regulation 18VAC5-22-90

The Virginia Board of Accountancy (VBOA) shall establish and maintain the Ethics Committee for the purpose of:

- Working with the VBOA member liaison and VBOA staff to develop a proposed outline for the following year's VBOA Segment, as defined in VBOA Policy #2, for presentation to the VBOA
- Reviewing the previous year's VBOA Segment content/material and making comments and/or recommendations for the VBOA's consideration
- Reviewing summary comments from VBOA-approved ethics course participants regarding content/material and/or instruction, and making comments and/or recommendations for the VBOA's consideration

The Ethics Committee shall consist of three or more persons, approved by the VBOA, who hold active Virginia licenses. No member of the Ethics Committee shall be current members of the VBOA or the Virginia Society of Certified Public Accountants' Board of Directors. Ethics Committee members shall be in good standing with all governing bodies including state boards of accountancy. The Ethics Committee member will be reimbursed for travel expenses in accordance with state travel guidelines.

Ethics Committee members shall generally serve a term of three years, with an option requiring approval by the VBOA for a second three-year term. Terms may be modified to ensure continuity and rotation of Ethics Committee members. The VBOA reserves the right to terminate and/or modify member terms as necessary.

The Ethics Committee shall meet at least annually to develop and make a recommendation to the VBOA for a proposed outline for the next year's VBOA Segment.

APPROVAL AND REVIEW:

This VBOA policy was reviewed on June 23, 2020.

SUPPRESSION:

This VBOA policy replaces VBOA Policy #8 that was effective on December 31, 2018.

VBOA CHAIR AT

LAST REVIEW:

D. Brian Carson, CPA, CGMA, Chair

VBOA MEMBERS AT

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