

**April 27, 2017**

**VBOA Board Meeting Agenda**

Board Room 1

2nd Floor Conference Center

9960 Mayland Drive

Henrico, VA 23233

Phone: (804) 367-8505

- 10 a.m. Call to Order – **Jim Holland, CPA, Chair**  
Security Briefing – **Patti Hambright, Administrative Assistant**  
Determination of Quorum  
Approval of April 27, 2017 Agenda  
Public comment period\*  
Approval of Consent Agenda:
- Approval of February 22, 2017 Board meeting minutes
  - Consent Orders:
    - o 2016-0034U (Ferguson and Saunders)
    - o 2016-0042U (Bradshaw and Allen)
    - o 2016-0050U (Ferguson and Saunders)
    - o 2017-004-004U (Ferguson and Saunders)
  - Reinstatements:
    - o 2017-021-001E (Jewell and Allen)
    - o 2017-023-003E (Jewell and Allen)
- Public comment period\*
- 10:10 a.m. 1. Committee/NASBA Updates
- NASBA CPE Committee – **Jim M. Holland, CPA, Chair**
  - NASBA Standard-Setting Advisory Committee – **Matthew P. Boshier, Vice Chair**
  - NASBA Diversity Committee – **Andrea M. Kilmer, CPA**
  - NASBA Education Committee – **Susan Quaintance Ferguson, CPA**
  - NASBA Communications Committee – **D. Brian Carson, CPA, CGMA**
  - NASBA UAA Committee – **Stephanie S. Saunders, CPA**
  - NASBA Middle Atlantic Regional Director – **Stephanie S. Saunders, CPA**
  - NASBA Executive Director’s Committee – **Wade A. Jewell, Executive Director**
  - NASBA Board Nominations - **Wade A. Jewell, Executive Director**
- 10:30 a.m. 2. Executive Director’s Report – **Wade A. Jewell, Executive Director**
- General updates
  - March 2017 Financial Report
  - March 2017 Board Report – **Mary Charity, Director of Operations**
- 10:45 a.m. 3. Board Discussion Topics – **Wade A. Jewell, Executive Director**
- 2017 Virginia-Specific Ethics Course updates – **VSCPA**
  - Approval of changes to CPE deficiency guidelines – **Rebekah E. Allen, Enforcement Director**
  - Presentation of guidelines for assessing non-CPE penalties - **Rebekah E. Allen, Enf. Director**

- Repeal of § 54.1-4413.2(B) and treatment of expired licenses post July 1, 2017
- Single renewal date for all Virginia licensees
- Proposed changes to Board Policy #4 (retention period from 3 to 4 years)
- AICPA Discussion Paper – Proposed Evolution of Peer Review Administration – updated January 2017 – **Wade A. Jewell, Executive Director**
- CPE Credit for Exams – **Susan Quaintance Ferguson, CPA**
  - Certified Financial Planner (CFP)
  - ACAMS Advanced AML Audit Certification (CAMS-Audit)

12 p.m. Recess for Board lunch

12:45 p.m. Public comment period for enforcement cases being discussed in closed session

1 p.m. 4. *Closed Session*  
Enforcement – **Rebekah E. Allen, Enforcement Director**

- OAG updates
- Status of open cases
- Consent Order:
  - 2016-0043U (Ferguson and Saunders)
  - 2017-015-001D (Ferguson and Saunders)
- Final Orders:
  - 2016-CPE-0048 (Jewell and Allen)
  - 2016-0018D (Ferguson and Saunders)

2:15 p.m. 5. Board Discussion Topics, continued if necessary – **Wade A. Jewell, Executive Director**

2:40 p.m. 6. Additional Items for Discussion

- Carry over items/potential future topics
  - CPE – VBOA/VSCPA discussions
  - Trust Fund Reserve Policy
  - Background checks
  - Statute/Regulation changes
  - Fraudulent transcripts and CPE certificates
  - North Carolina Dental Case
- Sign Conflict of Interest forms
- Sign Travel Expense vouchers
- Future meeting dates – TBD

2:45 p.m. Adjournment

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**\*Five-minute public comment, per person, on those items not included on the agenda.**

Persons desiring to attend the meeting and requiring special accommodations/interpretive services should contact the VBOA office at (804) 367-8505 at least five days 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.

**Board Meeting  
February 22, 2017  
Draft/Unapproved minutes**

The Virginia Board of Accountancy met on Wednesday, February 22, 2017, in Board Room #2 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

**MEMBERS PRESENT:** James M. "Jim" Holland, CPA, Chair  
Matthew P. Boshier, Esq., Vice Chair  
D. Brian Carson, CPA  
Susan Quaintance Ferguson, CPA  
Stephanie S. Saunders, CPA  
Laurie A. Warwick, CPA

**MEMBER PRESENT FOR  
A PORTION OF THE  
MEETING:**

Andrea M. Kilmer, CPA

**LEGAL COUNSEL:**

Anna Birkenheier, Assistant Attorney General,  
Office of the Attorney General

**STAFF PRESENT:**

Chantal Scifres, Deputy Director  
Mary Charity, Director of Operations  
Rebekah Allen, Enforcement Director  
Kelli Anderson, Communications Manager  
Patti Hambright, CPE Coordinator and Administrative Assistant

**MEMBERS OF THE  
PUBLIC PRESENT:**

Stephanie Peters, CAE, President and CEO, Virginia Society of Certified  
Public Accountants  
Emily Walker, Vice President, Advocacy, Virginia Society of Certified  
Public Accountants  
John Mark Becton, Esq., Becton Firm, PLC

**CALL TO ORDER**

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

**SECURITY BRIEFING**

Ms. Hambright provided the emergency evacuation procedures.

**Board Meeting  
February 22, 2017  
Draft/Unapproved minutes**

**DETERMINATION OF QUORUM**

Chairman Holland determined there was a quorum present.

**APPROVAL OF AGENDA**

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to approve the February 22, 2017, agenda as amended. The members voting "AYE" were Mr. Holland, Mr. Boshier, Mr. Carson, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

**APPROVAL OF CONSENT AGENDA/MINUTES**

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to approve the Consent Agenda to include the January 25, 2017, Board meeting minutes as presented. The members voting "AYE" were Mr. Holland, Mr. Boshier, Mr. Carson, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

**PUBLIC COMMENT PERIOD**

Mr. Holland welcomed and invited members of the public to provide comments. Mr. Becton thanked the Board for their professionalism and spoke on behalf of Mr. James Brown.

**COMMITTEE/NASBA UPDATES**

**NASBA CPE Committee**

Mr. Holland led the discussion regarding the NASBA CPE Committee. He noted the comment period regarding the Draft Model Rules for Continuing Professional Education (CPE) had been extended from April 1 to June 30, 2017.

**NASBA Diversity Committee**

There were no updates to the NASBA Diversity Committee.

**NASBA Standard-Setting Advisory Committee**

There were no updates to the NASBA Standard-Setting Advisory Committee.

**Board Meeting  
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**NASBA Education Committee**

Ms. Ferguson led the discussion regarding the NASBA Education Committee. She noted the committee is scheduled to meet on March 16 and 17.

**NASBA Communications Committee**

Mr. Carson led the discussion regarding the NASBA Communications Committee. He noted a conference call was scheduled for next month.

**NASBA UAA Committee**

Ms. Saunders led the discussion regarding the NASBA UAA Committee. She noted the committee had been charged with providing language in the UAA to deal with the issue of non-CPA CGMA title users. She noted the committee would meet next week to discuss the language and that Virginia does not have an issue with this topic based on current statutes.

**NASBA Middle Atlantic Regional Director**

Ms. Saunders led the discussion regarding her role as NASBA's Middle Atlantic Regional Director. Ms. Saunders, Mr. Holland and Mr. Jewell participated in a conference call on January 30, 2017. Ms. Saunders noted the teleconference had gone well.

**NASBA Executive Director's Committee**

Ms. Charity led the discussion regarding the NASBA Executive Director's Committee. She noted the Executive Director's and Staff Conference would be held in New Orleans, LA in March 2017. Mr. Jewell, Ms. Allen and Ms. Anderson would attend.

**EXECUTIVE DIRECTOR'S REPORT**

Ms. Charity presented the following general updates regarding the VBOA:

- As requested by Board members, Ms. Charity presented a report of all Virginia licensees by their state of residence.
- The new VBOA licensing/database project continues to move forward.

**January 2017 Board Report**

Ms. Charity presented and fielded questions regarding the January 2017 Board Report.

**Board Meeting  
February 22, 2017  
Draft/Unapproved minutes**

**January 2017 Financial Report**

Ms. Scifres presented and fielded questions regarding the January 2017 Financial Report.

**BOARD DISCUSSION TOPICS**

**2016 and 2017 Virginia-Specific Ethics Course updates**

Ms. Charity noted that the 2017 Virginia-Specific Ethics Course sponsors/providers had been posted on the VBOA website. The VSCPA is on schedule to release the 2017 Virginia-Specific Ethics course on March 1, 2017, as planned. Ms. Walker noted the 2016 Virginia-Specific Ethics course was no longer available as of January 31, 2017. She also noted there had been 21,719 Virginia-Specific Ethics Course takers in 2016 from approved sponsors.

**AICPA Discussion Paper – Proposed Evolution of Peer Review Administration**

Ms. Walker discussed in detail the latest evolution of Peer Review Administration proposal from the AICPA. She discussed at length how the proposed changes would affect the staffing at the VSCPA. She noted a committee meeting in May and that no decisions related to peer review would be made by the VSCPA until after that date.

Ms. Walker updated Board members on VBOA legislation.

**Proposed Changes to CPE Deficiency Guidelines**

Ms. Allen led the discussion regarding the proposed changes to the CPE deficiency guidelines. Ms. Walker offered comments and concerns and noted she would have additional suggestions at the next Board meeting. Ms. Allen fielded questions from Board members and the VSCPA. The Board will continue discussions regarding the proposed changes to the CPE deficiency guidelines.

**CPE Model Rules Exposure Draft**

Mr. Holland led the discussion regarding the Draft CPE Model Rules for Continuing Professional Education (CPE) exposure draft. After a thorough discussion, the Board decided to revisit the subject during the April Board meeting.

**RECESS FOR LUNCH 11:45 a.m.**

**RECONVENE 12:30 p.m.**

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Draft/Unapproved minutes**

**ADDITIONAL ITEMS FOR DISCUSSION**

**Carry Over Items/Potential Future Topics**

- CPE – VBOA/VSCPA discussions
- Single renewal date all Virginia licensees
- Trust Fund Reserve Policy
- Background checks
- Statute/Regulation changes
- Fraudulent Transcripts and CPE Certificates
- North Carolina Dental Case

**Sign Conflict of Interest forms**

**Sign Travel Expense vouchers**

**Future meeting date**

- Thursday, April 27, 2017

**ENFORCEMENT**

**Begin closed meeting**

Upon a motion by Mr. Boshier, and duly seconded, the members approved by unanimous vote the meeting be recessed and the VBOA immediately convene a closed meeting under the Virginia Freedom of Information Act for the provision of legal counsel and to consult with legal counsel on issues relating to probable litigation, and/or consider the status of all open Enforcement Cases and cases listed on our agenda, a matter lawfully exempted from open meeting requirements under the 'consulting with legal counsel' and 'disciplinary proceedings' exemptions contained in Virginia Code § 2.2-3711(A)(7),(27). The following non-members will be in attendance to reasonably aid in the consideration of this topic: Anna Birkenheier and Rebekah Allen.

**End closed meeting**

Upon a motion by Mr. Boshier, 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

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**Board Meeting  
February 22, 2017  
Draft/Unapproved minutes**

certification by this Board that such closed meeting was conducted in conformity with Virginia law; NOW THEREFORE, BE IT RESOLVED that the VBOA hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the VBOA.

**CALL FOR VOTE:**

James M. "Jim" Holland, CPA – Aye  
Matthew P. Boshier, Esq. – Aye  
D. Brian Carson, CPA – Aye  
Susan Quaintance Ferguson, CPA – Aye  
Andrea M. Kilmer, CPA – Aye  
Stephanie S. Saunders, CPA – Aye  
Laurie A. Warwick, CPA – Aye

**VOTE:**

Ayes: Seven (7)  
Nays: None

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

Case #2016-0009E (Jewell and Allen)

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to accept the item due under the consent order as presented.

**CALL FOR VOTE:**

James M. "Jim" Holland, CPA – Aye  
Matthew P. Boshier, Esq. – Aye  
D. Brian Carson, CPA – Aye  
Susan Quaintance Ferguson, CPA – Aye  
Andrea M. Kilmer, CPA – Aye  
Stephanie S. Saunders, CPA – Aye  
Laurie A. Warwick, CPA – Aye

**VOTE:**

Ayes: Seven (7)

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**Board Meeting  
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Nays: None

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Case #2016-0018U (Saunders and Ferguson)

Upon a motion by Mr. Carson, and duly seconded, the members voted unanimously to approve the consent order as presented.

**CALL FOR VOTE:**

James M. "Jim" Holland, CPA – Aye  
Matthew P. Boshier, Esq. – Aye  
D. Brian Carson, CPA – Aye  
Susan Quaintance Ferguson, CPA – Aye  
Andrea M. Kilmer, CPA – Aye  
Stephanie S. Saunders, CPA – Aye  
Laurie A. Warwick, CPA – Aye

**VOTE:**

Ayes: Seven (7)  
Nays: None

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Case #2016-0020U (Saunders and Ferguson)

Upon a motion by Mr. Carson, and duly seconded, the members voted unanimously to approve the consent order as presented.

**CALL FOR VOTE:**

James M. "Jim" Holland, CPA – Aye  
Matthew P. Boshier, Esq. – Aye  
D. Brian Carson, CPA – Aye  
Susan Quaintance Ferguson, CPA – Aye  
Andrea M. Kilmer, CPA – Aye  
Stephanie S. Saunders, CPA – Aye  
Laurie A. Warwick, CPA – Aye

**VOTE:**

Ayes: Seven (7)  
Nays: None

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Case #2016-0018E (Bradshaw and Allen)

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**Board Meeting  
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Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to table their decision pending further discussion.

Mr. Holland, Ms. Kilmer and Ms. Warwick were not present and did not participate in the closed discussion.

**CALL FOR VOTE:**

Matthew P. Boshier, Esq. – Aye  
D. Brian Carson, CPA – Aye  
Susan Quaintance Ferguson, CPA – Aye  
Stephanie S. Saunders, CPA – Aye

**VOTE:**

Ayes: Four (4)  
Nays: None

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**ADJOURNMENT**

There being no further business before the VBOA, upon a motion by Mr. Boshier and duly seconded, the meeting was adjourned by unanimous vote at 2:00 p.m. The members voting **AYE** were Mr. Holland, Mr. Boshier, Mr. Carson, Ms. Ferguson, Ms. Kilmer, Ms. Saunders and Ms. Warwick.

**APPROVED:**

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James M. "Jim" Holland, CPA, Chair

**COPY TESTE:**

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Wade A. Jewell, Executive Director

**VIRGINIA BOARD OF ACCOUNTANCY**  
**FINANCIAL REPORT**  
**FY17 BUDGET vs. ACTUAL EXPENSES**  
AS OF MARCH 31, 2017

<u>Expenditure Type</u>	<u>Approved FY17 Budget</u>	<u>FY17 YTD Expenditures</u>	<u>% Expended</u>	<u>FY16 Expenditures</u>	<u>FY15 Expenditures</u>	<u>FY14 Expenditures</u>
<b>Salaries &amp; Benefits</b>	<b>1,103,537</b>	<b>849,274</b>	<b>77.0%</b>	<b>727,369</b>	<b>901,488</b>	<b>800,832</b>
<b>Total Salaries &amp; Benefits</b>	<b>\$1,103,537</b>	<b>\$849,274</b>	<b>77.0%</b>	<b>\$727,369</b>	<b>\$901,488</b>	<b>\$800,832</b>
<b>Contractual Services</b>						
1209 Charge Card Purchases (not distributed)	0	0	---	0	0	0
1214 Postal Services	10,000	5,822	58.2%	6,030	9,049	9,761
1215 Printing Services	4,500	3,186	70.8%	1,922	3,296	3,455
1216 Telecommunications - VITA	15,000	8,372	55.8%	5,844	7,256	6,761
1217 Telecommunications - Nonstate	0	600	---	0	30	700
1219 Inbound Freight	400	281	70.4%	785	436	392
1221 Organization Memberships (NASBA)	7,180	6,935	96.6%	6,600	6,600	6,640
1222 Publication Subscriptions	5,500	3,383	61.5%	3,131	370	40
1224 Training - Courses, Workshops, Conferences	8,466	6,054	71.5%	4,216	12,638	7,543
1226 Training - Consulting Services	0	0	---	0	0	38
1227 Training-Transportation, Lodging, Meals, Incidentals	20,000	5,181	25.9%	9,236	2,264	12,656
1228 Employee IT Training Courses/Workshops and Conferences	150	91	60.7%	0	91	84
1242 Fiscal Services (Credit Card Merchant Fees)	55,000	36,629	66.6%	29,872	44,753	39,361
1243 Attorney Services (Including OAG)	44,005	18,633	42.3%	16,266	27,744	22,360
1244 Mgmt. Services - NASBA/special accommodations - IT Support	206,336	65,561	31.8%	9,225	10,085	12,934
1246 Public Info/Public Relations	450	4,589	1019.7%	1,756	590	370
1247 Legal Services (Includes court reporting services)	11,000	7,500	68.2%	14,638	9,079	10,932
1248 Media Services (Advertising RFP in newspaper)	0	0	---	0	0	0
1249 Recruitment Advertising	0	0	---	0	905	0
1252 Electrical Repair/Maintenance	1,735	90	5.2%	0	485	4,935
1253 Equipment Repair/Maintenance	0	0	---	0	0	0
1256 Mechanical Repair & Maintenance Services	0	0	---	0	50	0
1257 Plant Repair & Maintenance Services	0	0	---	0	0	8,550
1261 Architectural & Engineering Services	0	0	---	0	89	51,605
1264 Food and Dietary Services	2,750	1,472	53.5%	1,505	0	8,336
1265 Laundry & Linen Services	0	25	---	0	3,115	2,839
1266 Manual Labor Services (Includes shredding services)	1,000	797	79.7%	185	0	100
1267 Production Services (VBOA Promotional Items)	0	0	---	0	736	2,399
1268 Skilled Services	1,200	0	---	1,771	1,500	0
1272 VITA Pass Thru Charges (SA Maintenance & IT Upgrades)	116,475	95,345	81.9%	960	7,407	7,451
1273 Info Mgmt Design and Development Services (New Database)	500,000	0	0.0%	0	78,203	2,304
1275 Computer Software Maintenance (MOU with DHP)	10,800	0	0.0%	0	599	0
1278 VITA Information Technology Infrastructure Services	98,864	74,092	74.9%	86,693	43,227	43,226
1282 Travel - Personal Vehicle	7,000	4,370	62.4%	4,534	98,143	68,685
1283 Travel - Public Carriers	700	0	0.0%	543	4,691	4,614
1284 Travel - State Vehicles	1,500	443	29.5%	1,033	1,032	0
1285 Travel - Subsistence and Lodging	2,500	520	20.8%	1,033	698	368
1288 Travel, Meal Reimburse - Not IRS Rpt	1,200	406	33.8%	840	6,484	491
<b>Total Contractual Services</b>	<b>\$1,133,711</b>	<b>\$350,375</b>	<b>30.9%</b>	<b>\$284,289</b>	<b>\$383,359</b>	<b>\$340,417</b>
<b>Supplies and Materials</b>						
1311 Apparel Supplies	0	0	---	0	0	0
1312 Office Supplies	5,000	3,076	61.5%	2,377	3,923	7,620
1313 Stationery and Forms	2,300	2,214	96.3%	1,430	2,271	1,890
1323 Gasoline (Enterprise vehicles)	400	89	22.3%	254	60	10
1335 Packaging and Shipping Supplies	800	671	83.8%	288	280	1,109
1342 Medical & Dental Supplies	50	260	520.7%	48	32	0

**VIRGINIA BOARD OF ACCOUNTANCY**  
**FINANCIAL REPORT**  
**FY17 BUDGET vs. ACTUAL EXPENSES**  
AS OF MARCH 31, 2017

<u>Expenditure Type</u>	<u>Approved FY17 Budget</u>	<u>FY17 YTD Expenditures</u>	<u>% Expended</u>	<u>FY16 Expenditures</u>	<u>FY15 Expenditures</u>	<u>FY14 Expenditures</u>
<b>Supplies and Materials, continued</b>						
1352 Custodian Repair & Maintenance	50	41	81.4%	38	0	0
1353 Electrical Repair/Maintenance Materials	50	8	15.4%	22	0	2,602
1362 Food & Dietary Supplies	350	307	87.8%	164	395	732
1363 Food Service Supplies	150	12	8.2%	0	7	391
1364 Laundry & Linen Supplies	0	24	---	0	18	9
1373 Computer Operating Supplies	4,200	6,803	162.0%	1,517	3,963	2,018
<b>Total Supplies &amp; Materials</b>	<b>\$13,350</b>	<b>\$13,505</b>	<b>101.2%</b>	<b>\$6,138</b>	<b>\$10,951</b>	<b>\$16,381</b>
<b>Transfer Payments</b>						
1413 Awards & Recognition	1,000	88	8.8%	92	575	1,419
1415 Unemployment Compensation	0	0	---	0	4,512	0
1418 Incentives	0	0	---	0	0	86
<b>Total Transfer Payments</b>	<b>\$1,000</b>	<b>\$88</b>	<b>8.8%</b>	<b>\$92</b>	<b>\$5,087</b>	<b>\$1,505</b>
<b>Continuous Charges</b>						
1512 Automobile Liability Insurance	231	0	0.0%	0	231	231
1516 Property Insurance	1,224	0	0.0%	0	1,224	1,224
1534 Equipment Rentals	7,864	5,661	72.0%	2,845	5,277	6,184
1539 Building Rentals - Non-State Owned Facilities	90,325	66,018	73.1%	39,334	77,951	69,593
1541 Agency Service Charges (DOA, PSB, DHRM, LVA & eVA)	35,108	34,639	98.7%	2,309	31,893	37,814
1551 General Liability Insurance	188	0	0.0%	0	188	188
1554 Surety Bonds	40	0	0.0%	0	40	40
1555 Worker's Compensation	1,000	0	0.0%	0	857	738
<b>Total Continuous Charges</b>	<b>\$135,980</b>	<b>\$106,319</b>	<b>78.2%</b>	<b>\$44,487</b>	<b>\$117,661</b>	<b>\$116,012</b>
<b>Equipment</b>						
2216 Network Components	1,000	1,117	111.7%	129	0	0
2217 Other Computer Equipment	1,000	141	14.1%	744	1,830	9,918
2218 Computer Software Purchases	2,500	766	30.6%	1,032	140	2,270
2223 Exhibit Equipment	0	0	---	0	698	0
2224 Reference Equipment	250	0	0.0%	130	0	0
2232 Photographic Equipment	0	845	---	0	0	0
2233 Voice and Data Transmission Equipment	1,000	0	0.0%	1,691	120	0
2261 Office Appurtenances (Blinds, Carpet, etc.)	1,200	0	0.0%	820	331	1,134
2262 Office Furniture	17,000	2,025	11.9%	13,169	2,068	76,574
2263 Office Incidentals	2,000	2,127	106.4%	885	792	1,200
2264 Office Machines	1,000	928	92.8%	821	10	71
2268 Office Equipment Improvements	300	0	0.0%	129	445	450
2271 Household Equipment	0	342	---	0	0	0
<b>Total Equipment</b>	<b>\$27,250</b>	<b>\$8,291</b>	<b>30.4%</b>	<b>\$19,550</b>	<b>\$6,433</b>	<b>\$91,617</b>
<b>TOTAL ALL EXPENSE TYPES</b>	<b>\$2,414,828</b>	<b>\$1,327,852</b>	<b>55.0%</b>	<b>\$1,081,925</b>	<b>\$1,424,978</b>	<b>\$1,366,765</b>
<b>APPROPRIATION - CHAPTER 780</b>	<b>\$2,414,828</b>					

**VIRGINIA BOARD OF ACCOUNTANCY  
FINANCIAL REPORT  
CASH BALANCE  
AS OF MARCH 31, 2017**

	Operating Fund (092226)		Special Fund (02020)	
	FY2017 - YTD as of 3/31/17	FY2016 - YTD as of 3/31/16	FY2017 - YTD as of 3/31/17	FY2016 - YTD as of 3/31/16
<b>Beginning Fund Balance July 1:</b>	<b>\$507,753</b>	<b>\$490,159</b>	<b>\$2,807,901</b>	<b>\$2,074,809</b>
YTD Revenue Collected *				0
Accounts Payable **	2,014,736	1,778,695	13,419	0
Interfund Cash Transfers In/(Out), based on September 30th balance	0	14,000	0	0
Interfund Cash Transfers In/(Out), based on December 31st balance	(84,473)	(274,862)	84,473	274,862
Interfund Cash Transfers In/(Out), based on March 31st balance	(257,191)	(209,719)	257,191	209,719
Interfund Cash Transfers In/(Out), based on May 31st balance	0	0	0	0
Transfers to Central Service Agencies ***	0	0	0	0
YTD Expenditures	(1,327,852)	(1,213,569)	0	0
<b>Cash Balance</b>	<b>\$852,973</b>	<b>\$584,704</b>	<b>\$3,162,984</b>	<b>\$2,559,390</b>
<b>Projected Cash Transfers:</b>				
Transfers to Central Service Agencies ***	(\$10,155)	(\$4,810)	\$0	\$0
<b>Cash Balance after projected transfers</b>	<b>\$842,818</b>	<b>\$579,894</b>	<b>\$3,162,984</b>	<b>\$2,559,390</b>

\* Includes Interest Earnings - Per Virginia Acts of Assembly - Chapter 732 - §3-3.03 -Approved April 10, 2016, the State Comptroller shall allocate revenue for interest earnings in FY2016. Interest Earnings have not been allocated since FY2010.

\*\* Prior to October 1, 2014 and the implementation of the Commonwealth's new financial accounting and reporting system (Cardinal) all payments immediately reduced cash when processed in (CARS). The new Cardinal financial system operates on a modified accrual basis and Cash balances are not affected until the voucher's due date. The Cardinal system generates an offsetting entry to a liability account (accounts payable) when the voucher is processed. Once the voucher due date arrives, the payment is made, the liability is relieved and cash is now reduced.

\*\*\* Transfers required by Virginia Acts of Assembly for expenses incurred by central service agencies.

**VIRGINIA BOARD OF ACCOUNTANCY  
FINANCIAL REPORT  
FY2017 - REVENUE BY FEE TYPE (a)  
Source: VBOA Licensing System (MLO)**

Fee Type	FY2017 - YTD as of 3/31/17	FY2016 - YTD as of 3/31/16	Fiscal Year Ending 6/30/16	Fiscal Year Ending 6/30/15	Fiscal Year Ending 6/30/14
(a) Pre-Evaluation of Transcripts Application Fee	\$0	\$3,975	\$3,975	\$13,800	\$13,500
(b) Re-Exam Application	\$238,990	\$257,085	\$369,945	\$320,765	\$330,882
(c) Renewal Fee	\$96,400	\$27,520	\$61,220	\$0	\$0
Reinstatement Fee	\$1,623,120	\$1,444,430	\$1,864,290	\$1,849,935	\$1,865,370
Duplicate Wall Certificate Fee	\$36,575	\$25,700	\$35,450	\$40,750	\$43,120
License Verification Fee	\$1,350	\$1,375	\$1,750	\$1,825	\$1,450
CPA Exam Score Transfers	\$14,737	\$15,350	\$19,963	\$21,550	\$17,275
Failure to Respond to Board Requests	\$1,475	\$1,675	\$2,075	\$2,225	\$2,600
Administrative Fee	\$5,100	\$2,700	\$4,300	\$2,200	\$700
Bad Check Fee	\$4,100	\$2,600	\$4,100	\$10,129	\$14,000
	\$50	\$100	\$100	\$50	\$50
<b>Total Revenue</b>	<b>\$2,021,897</b>	<b>\$1,782,510</b>	<b>\$2,367,168</b>	<b>\$2,263,229</b>	<b>\$2,288,947</b>
(d) Net YTD Revenue per Cardinal	\$2,014,736	\$1,778,695	\$2,378,598	\$2,263,479	\$2,283,331
(e) Difference	7,161	3,815	(11,430)	(250)	5,616

**NOTES:**

- (a) Effective October 15, 2015, VBOA no longer collected fees for Pre-Evaluation of Transcripts.
- (b) Effective January 5, 2016, VBOA implemented the Re-Exam Application fee.
- (c) Renewal Fee also includes associated late fees.
- (d) Net YTD Revenue per Cardinal reported above includes only revenue received from regulatory fees.
- (e) Revenue Totals from the VBOA Licensing System (MLO) will not always match Revenue collected and reported on the VBOA Cash Report (Cardinal), due to timing differences in dates posted into each system and pending adjustments.

**VIRGINIA BOARD OF ACCOUNTANCY  
FINANCIAL REPORT  
ACCOUNTS RECEIVABLE  
AS OF MARCH 31, 2017**

	FY2017 - YTD as of 3/31/17	FY2016 - YTD as of 3/31/16	Fiscal Year Ending 6/30/16	Fiscal Year Ending 6/30/15	Fiscal Year Ending 6/30/14
Fines levied/collected/receivable:					
\$ amount of fines levied	\$ 121,899	\$ 224,600	\$ 284,528	\$ 199,075	\$ 538,200
\$ amount of fines collected	\$ 145,155	\$ 201,559	\$ 525,625	\$ 206,367	\$ 368,058
\$ OAG Fees	\$ -	\$ -	\$ 342	\$ 371	\$ 9,278
\$ Discharged	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Current fines receivable (< 365 Days)	\$ 28,349	\$ 41,962	\$ 51,538	\$ 220,724	\$ 229,075
Outstanding Written-off receivables (=> 365 Days) (a)	\$ 576,083	\$ 576,522	\$ 576,150	\$ 374,719	\$ 374,032

**NOTES:**

(a) All delinquent accounts uncollected after one year are deemed uncollectible and are written off of the VBOA's financial account records for financial reporting purposes. However, due to the Commonwealth's statute of limitations, the legal obligation to pay the debts still remains and collection efforts continue.

**Virginia Board of Accountancy**  
**FY17 Board Report**  
As of March 31, 2017

REPORT CATEGORIES	FY2017 - YTD as of 3/31/17	FY2016 - YTD as of 3/31/16	Fiscal Year Ending 6/30/16	Fiscal Year Ending 6/30/15	Fiscal Year Ending 6/30/14
<b>LICENSEES</b>					
<b>Individuals:</b>					
Number of Active, licensed CPAs	25,042	24,778	24,648	24,791	25,467
Number of Active - CPE Exempt, licensed CPAs (a)	1,352	1,121	1,158	898	
Number of Active - Renewal Fee Delinquent (<12 months), licensed CPAs	1,224	1,310	1,516	1,142	881
<b>Total Number of Licensed CPAs</b>	<b>27,618</b>	<b>27,209</b>	<b>27,322</b>	<b>26,831</b>	<b>26,348</b>
Number of out-of-state licensees	8,193	8,135	8,152	8,086	8,160
Reinstatements - Individuals	65	60	79	106	107
Number of new CPA licenses issued	1,084	1,039	1,322	1,240	1,345
Net change in number of expired/voluntary surrendered licenses (>12 months)	788	661	831	757	624
<b>Firms:</b>					
Number of Active, licensed CPA firms	1,097	1,097	1,092	1,115	1,147
Number of Active - Renewal Fee Delinquent (<12 months), licensed CPA firms	68	63	65	71	71
<b>Total Number of Licensed CPA Firms</b>	<b>1,165</b>	<b>1,160</b>	<b>1,157</b>	<b>1,186</b>	<b>1,218</b>
Reinstatements - Firms	5	4	5	0	5
Number of new CPA firm licenses issued	50	21	29	40	38
Net change in number of expired/voluntary surrendered firm licenses (>12 months)	42	47	58	72	50
<b>EXAM CANDIDATES</b>					
Number of first time candidates applying to sit for CPA exam	1,237	1,404	2,136	1,904	1,860
<b>ENFORCEMENT</b>					
Number of complaints	66	106	145	84	74
Types of complaints:					
Unlicensed activity	40	28	41	24	16
Other disciplinary matters	26	78	104	60	58
<b>CPE COMPLIANCE REVIEWS</b>					
Number of CPE audits selected	1,459 (b)	1,188	1,578	1,088	971
Status of CPE Compliance Reviews:					
# of CPE audits resulting in compliance	828	769	1,291	819	800
# of CPE deficiencies	218	128	286	269	171
# of CPE deficiencies resulting in surrender of license	13	18	30	17	7
# of CPE deficiencies resulting in suspension of license	12	7	19	19	10
# of CPE audits open/pending review	413	291	1	0	0
<b>BUDGET/EXPENDITURES</b>					
Total YTD expenditures	\$1,327,852	\$1,213,569	\$1,642,512	\$1,424,978	\$1,366,765
Total fiscal year budget	<b>\$2,414,828 (c)</b>	<b>\$1,886,458</b>	<b>\$1,886,458</b>	<b>\$1,648,449</b>	<b>\$1,648,384</b>
% of expenditures vs. budget	55.0%	64.3%	87.1%	86.4%	82.9%

**NOTES:**

(a) The Active - CPE Exempt status became effective on July 1, 2014.

(b) CPE audits selected through March 2017.

(c) Includes one-time appropriation for new licensing system.

# COMMONWEALTH OF VIRGINIA



## VIRGINIA BOARD OF ACCOUNTANCY

### CPE Violation Penalties – Guidelines

First Edition September 18, 2012

Second Edition May 21, 2013

Third Edition June 24, 2014

Proposed Fourth Edition as of March 1, 2017

DRAFT – Proposed Fourth Edition as of March 1, 2017 - Page 1 of 8 - DRAFT

**I. Statement of Intent**

To assist in the efficient, effective, and fair resolution of continuing professional education (“CPE”) deficiencies, these guidelines have been provided to the Virginia Board of Accountancy’s (“the Board”) Enforcement Division staff and Enforcement Committee.

If warranted by the particular facts and circumstances of a Respondent’s case, the Board has delegated the authority to the Enforcement Committee to depart from the guidelines. Enforcement Division staff have not been delegated this authority and therefore cannot alter or negotiate the terms and conditions associated with a given category.

These guidelines are intended as a supplement to the Board’s adjudication manual.

## II. Non-Compounding Penalties

Penalties listed in this chart do not combine or “stack” with one another, though they may be combined with one or more of the penalties listed in the chart under Part III, “Compounding Penalties.”

Deficiency	1 <sup>st</sup> Offense (self-report)	1 <sup>st</sup> Offense (all others)	2 <sup>nd</sup> Offense (all)	3 <sup>rd</sup> Offense (all)
Deficient < 10 hours in a reporting period (other than ethics and/or A&A)	<ul style="list-style-type: none"> <li>• Reprimand</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> </ul>	<ul style="list-style-type: none"> <li>• \$250 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$500 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Suspension of license for 1 year</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>

Deficiency	1 <sup>st</sup> Offense (self-report)	1 <sup>st</sup> Offense (all others)	2 <sup>nd</sup> Offense (all)	3 <sup>rd</sup> Offense (all)
Deficient 10 – 20 hours in a reporting period	<ul style="list-style-type: none"> <li>• \$250 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$500 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Suspension of license for 1 year</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,000 monetary penalty</li> <li>• Revocation of license</li> <li>• May apply for reinstatement no sooner than 5 years after date of disciplinary action</li> <li>• Must come before the Board to be considered for reinstatement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>
Deficient 21 – 40 hours in a reporting period	<ul style="list-style-type: none"> <li>• \$500 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,000 monetary penalty</li> <li>• Suspension of license for 1 year</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• \$2,000 monetary penalty</li> <li>• Revocation of license</li> <li>• May apply for reinstatement no sooner than 5 years after date of disciplinary action</li> <li>• Must come before the Board to be considered for reinstatement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>

Deficiency	1 <sup>st</sup> Offense (self-report)	1 <sup>st</sup> Offense (all others)	2 <sup>nd</sup> Offense (all)	3 <sup>rd</sup> Offense (all)
Deficient 41 – 90 hours in a reporting period	<ul style="list-style-type: none"> <li>• \$625 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 90 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$875 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 90 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,125 monetary penalty</li> <li>• Suspension of license for 1 year</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• \$2,000 monetary penalty</li> <li>• Revocation of license</li> <li>• May apply for reinstatement no sooner than 5 years after date of disciplinary action</li> <li>• Must come before the Board to be considered for reinstatement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>
Deficient > 90 hours in a reporting period	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 90 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,000 monetary penalty</li> <li>• Suspension of license for 1 year</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• \$2,000 monetary penalty</li> <li>• Suspension of license for 3 years</li> <li>• Must come before the Board to be considered for reinstatement</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• \$3,000 monetary penalty</li> <li>• Revocation of license</li> <li>• May apply for reinstatement no sooner than 5 years after date of disciplinary action</li> <li>• Must come before the Board to be considered for reinstatement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>

### III. Compounding Penalties

Penalties listed in this chart may be combined with each other or with any single penalty listed in the chart under Part II, "Non-Compounding Penalties."

Deficiency	1 <sup>st</sup> Offense (self-report)	1 <sup>st</sup> Offense (all others)	2 <sup>nd</sup> Offense (all)	3 <sup>rd</sup> Offense (all)
Failure to take Virginia-specific ethics course only in any given calendar year(s)	<ul style="list-style-type: none"> <li>• Reprimand</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> </ul>	<ul style="list-style-type: none"> <li>• \$250 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$500 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• 1,000-word essay on "Virginia statutes and regulations regarding CPE requirements and how they protect the public"</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Suspension of license for 1 year</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>
Failure to meet the annual minimum 20 CPE hours in any given calendar year(s)	<ul style="list-style-type: none"> <li>• Reprimand</li> </ul>	<ul style="list-style-type: none"> <li>• \$250 monetary penalty</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$500 monetary penalty</li> <li>• 1,000-word essay on "Virginia statutes and regulations regarding CPE requirements and how they protect the public"</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Suspension of license for 1 year</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>

Deficiency	1 <sup>st</sup> Offense (self-report)	1 <sup>st</sup> Offense (all others)	2 <sup>nd</sup> Offense (all)	3 <sup>rd</sup> Offense (all)
Failure to take 8 hours of Auditing and Attestation in any given calendar year(s)	<ul style="list-style-type: none"> <li>• Reprimand</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> </ul>	<ul style="list-style-type: none"> <li>• \$250 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> <li>• (If deficient A&amp;A for more than 1 calendar year) May not release or authorize the release of reports on attest, compilation, or financial statement preparation services for 1 year</li> </ul>	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> <li>• Subject to CPE audit for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> <li>• (If deficient A&amp;A for more than 1 calendar year) May not release or authorize the release of reports on attest, compilation, or financial statement preparation services for 3 years</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,250 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Suspension of license for 1 year</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> <li>• (If deficient A&amp;A for more than 1 calendar year) May not release or authorize the release of reports on attest, compilation, or financial statement preparation services for 3 years</li> </ul>
False certifications on any given renewal application	<p>(If deficient &gt; 1 Virginia-specific ethics course in a reporting period)</p> <ul style="list-style-type: none"> <li>• Reprimand</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> </ul>	<ul style="list-style-type: none"> <li>• \$250 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> </ul>	<ul style="list-style-type: none"> <li>• \$250 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• 1,000-word essay on "Ethical standards for CPAs and how they interact with the public and his regulator"</li> </ul>	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Suspension of license for 1 year</li> <li>• Subject to CPE audit for subsequent 3-year reporting period following reinstatement</li> </ul>

Deficiency	1 <sup>st</sup> Offense (self-report)	1 <sup>st</sup> Offense (all others)	2 <sup>nd</sup> Offense (all)	3 <sup>rd</sup> Offense (all)
Failure to respond within 30 days	<ul style="list-style-type: none"> <li>• \$100 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$100 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$200 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$300 monetary penalty</li> </ul>
Failure to update mailing or email address within 30 days	<ul style="list-style-type: none"> <li>• \$100 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$100 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$200 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$300 monetary penalty</li> </ul>
Failure to comply with terms and conditions of Board disciplinary action	<ul style="list-style-type: none"> <li>• Suspension of license</li> <li>• Must come before the Board to be considered for reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension of license</li> <li>• Must come before the Board to be considered for reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension of license</li> <li>• Must come before the Board to be considered for reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension of license</li> <li>• Must come before the Board to be considered for reinstatement</li> </ul>
Failure to respond at all to a CPE Audit	<ul style="list-style-type: none"> <li>• Proceeding under Code of Virginia § 2.2-4019</li> </ul>	<ul style="list-style-type: none"> <li>• Proceeding under Code of Virginia § 2.2-4019</li> </ul>	<ul style="list-style-type: none"> <li>• Proceeding under Code of Virginia § 2.2-4019</li> </ul>	<ul style="list-style-type: none"> <li>• Proceeding under Code of Virginia § 2.2-4019</li> </ul>

# COMMONWEALTH OF VIRGINIA



## VIRGINIA BOARD OF ACCOUNTANCY

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### CPE VIOLATION PENALTIES - GUIDELINES

FIRST EDITION: SEPTEMBER 18, 2012

SECOND EDITION: MAY 21, 2013

THIRD EDITION: JUNE 24, 2014

**PROPOSED FOURTH EDITION AS OF APRIL 17, 2017**

DRAFT – Proposed Fourth Edition as of April 17, 2017 - Page 1 of 8 - DRAFT

## **I. STATEMENT OF INTENT**

To assist in the efficient, effective, and fair resolution of continuing professional education ("CPE") deficiencies, these guidelines have been provided to the Virginia Board of Accountancy's ("the Board") Enforcement Division staff and Enforcement Committee. A "case" as used in the guidelines below includes both failed CPE compliance reviews and disciplinary investigations where CPE deficiencies are discovered.

If warranted by the particular facts and circumstances of a Respondent's case, the Board has delegated the authority to the Enforcement Committee to depart from the guidelines. Enforcement Division staff have not been delegated this authority and therefore cannot alter or negotiate the terms and conditions associated with a given category.

These guidelines are intended as a supplement to the Board's adjudication manual.

## II. NON-COMPOUNDING PENALTIES

Penalties listed in this chart do not combine or “stack” with one another, though they may be combined with one or more of the penalties listed in the chart under Part III, “Compounding Penalties.”

<b>Deficiency</b>	<b>1<sup>st</sup> Case (self-report)</b>	<b>1<sup>st</sup> Case (all others)</b>	<b>2<sup>nd</sup> Case (all)</b>	<b>3<sup>rd</sup> Case (all)</b>
Deficient < 10 hours in a reporting period (other than ethics and/or A&A)	<ul style="list-style-type: none"> <li>• Reprimand</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> </ul>	<ul style="list-style-type: none"> <li>• \$250 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> <li>• Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$500 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement</li> <li>• Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Suspension of license for 1 year</li> <li>• Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement</li> </ul>

## Deficiency

Deficient 10 – 20 hours in a reporting period

### 1st Case (self-report)

- \$250 monetary penalty
- Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

### 1st Case (all others)

- \$500 monetary penalty
- Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

### 2nd Case (all)

- \$750 monetary penalty
- Suspension of license for 1 year
- Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

### 3rd Case (all)

- \$1,000 monetary penalty
- Revocation of license
- May apply for reinstatement no sooner than 5 years after date of disciplinary action
- Must come before the Board to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

Deficient 21 – 40 hours in a reporting period

- \$500 monetary penalty
- Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

- \$750 monetary penalty
- Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

- \$1,000 monetary penalty
- Suspension of license for 1 year
- Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

- \$2,000 monetary penalty
- Revocation of license
- May apply for reinstatement no sooner than 5 years after date of disciplinary action
- Must come before the Board to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

## Deficiency

Deficient 41 – 90 hours in a reporting period

### 1st Case (self-report)

- \$625 monetary penalty
- Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)
- Must make up deficient CPE for each year of reporting period within 90 days, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

### 1st Case (all others)

- \$875 monetary penalty
- Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)
- Must make up deficient CPE for each year of reporting period within 90 days, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

### 2nd Case (all)

- \$1,125 monetary penalty
- Suspension of license for 1 year
- Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

### 3rd Case (all)

- \$2,000 monetary penalty
- Revocation of license
- May apply for reinstatement no sooner than 5 years after date of disciplinary action
- Must come before the Board to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

Deficient > 90 hours in a reporting period

- \$750 monetary penalty
- Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)
- Must make up deficient CPE for each year of reporting period within 90 days, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

- \$1,000 monetary penalty
- Suspension of license for 1 year
- Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

- \$2,000 monetary penalty
- Suspension of license for 3 years
- Must come before the Board to be considered for reinstatement
- Submit proof of completion of current year's Virginia-specific ethics course within 90 days (as offered)
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

- \$3,000 monetary penalty
- Revocation of license
- May apply for reinstatement no sooner than 5 years after date of disciplinary action
- Must come before the Board to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

### III. COMPOUNDING PENALTIES

Penalties listed in this chart may be imposed individually, or may be combined with each other or with any single penalty listed in the chart under Part II, "Non-Compounding Penalties."

Deficiency	1 <sup>st</sup> Case (self-report)	1 <sup>st</sup> Case (all others)	2 <sup>nd</sup> Case (all)	3 <sup>rd</sup> Case (all)
Failure to take Virginia-specific ethics course only in any given calendar year(s)	<ul style="list-style-type: none"> <li>• Reprimand</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> </ul>	<ul style="list-style-type: none"> <li>• \$250 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$500 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• 1,000-word essay on "Virginia statutes and regulations regarding CPE requirements and how they protect the public"</li> <li>• Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)</li> <li>• Suspension of license for 1 year</li> <li>• Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement</li> </ul>
Failure to meet the annual minimum 20 CPE hours in any given calendar year(s)	<ul style="list-style-type: none"> <li>• Reprimand</li> </ul>	<ul style="list-style-type: none"> <li>• \$250 monetary penalty</li> <li>• Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• \$500 monetary penalty</li> <li>• 1,000-word essay on "Virginia statutes and regulations regarding CPE requirements and how they protect the public"</li> <li>• Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• \$750 monetary penalty</li> <li>• Suspension of license for 1 year</li> <li>• Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement</li> </ul>

## Deficiency

Failure to take 8 hours of Auditing and Attestation in any given calendar year(s)

### 1<sup>st</sup> Case (self-report)

- Reprimand  
Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement

### 1<sup>st</sup> Case (all others)

- \$250 monetary penalty  
Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken
- (If deficient A&A for more than 1 calendar year) May not release or authorize the release of reports on attest, compilation, or financial statement preparation services for 1 year

### 2<sup>nd</sup> Case (all)

- \$750 monetary penalty  
Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Must make up deficient CPE for each year of reporting period within 60 days, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken
- (If deficient A&A for more than 1 calendar year) May not release or authorize the release of reports on attest, compilation, or financial statement preparation services for 2 years

### 3<sup>rd</sup> Case (all)

- \$1,250 monetary penalty  
Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Suspension of license for 1 year  
Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement
- (If deficient A&A for more than 1 calendar year) May not release or authorize the release of reports on attest, compilation, or financial statement preparation services for 3 years

False certifications on any given renewal application

- (if deficient in the first or second year of the reporting period)
- Reprimand
- Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)

- \$250 monetary penalty
- Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)

- \$250 monetary penalty
- Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- 1,000-word essay on "Ethical standards for CPAs and how they impact a CPA's

- \$750 monetary penalty
- Submit proof of completion of current year's Virginia-specific ethics course within 60 days (as offered)
- Suspension of license for 1 year
- Subject to CPE compliance review for

Deficiency	1 <sup>st</sup> Case (self-report)	1 <sup>st</sup> Case (all others)	2 <sup>nd</sup> Case (all)	3 <sup>rd</sup> Case (all)
<p>Failure to respond within 30 days</p>	<ul style="list-style-type: none"> <li>• \$100 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$100 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$200 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$300 monetary penalty</li> </ul>
<p>Failure to update mailing or email address within 30 days</p>	<ul style="list-style-type: none"> <li>• \$100 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$100 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$200 monetary penalty</li> </ul>	<ul style="list-style-type: none"> <li>• \$300 monetary penalty</li> </ul>
<p>Failure to comply with terms and conditions of Board disciplinary action</p>	<ul style="list-style-type: none"> <li>• Suspension of license</li> <li>• Must come before the Board to be considered for reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension of license</li> <li>• Must come before the Board to be considered for reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension of license</li> <li>• Must come before the Board to be considered for reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension of license</li> <li>• Must come before the Board to be considered for reinstatement</li> </ul>
<p>Failure to respond at all to a CPE compliance review</p>	<ul style="list-style-type: none"> <li>• Proceeding under Code of Virginia § 2.2-4019</li> </ul>	<ul style="list-style-type: none"> <li>• Proceeding under Code of Virginia § 2.2-4019</li> </ul>	<ul style="list-style-type: none"> <li>• Proceeding under Code of Virginia § 2.2-4019</li> </ul>	<ul style="list-style-type: none"> <li>• Proceeding under Code of Virginia § 2.2-4019</li> </ul>

interactions with the public and his regulator"

subsequent 3-year reporting period following reinstatement

CHOOSE ONE



Virginia Society of  
Certified Public  
Accountants

March 30, 2017

James M. Holland, CPA  
Chair, Virginia Board of Accountancy  
9960 Mayland Drive, Suite 402  
Richmond, VA 23233

Dear Mr. Holland:

The Executive Committee of the Virginia Society of CPAs (VSCPA) has reviewed the Virginia Board of Accountancy's (VBOA) proposed revisions to the guidelines related to penalties for continuing professional education (CPE) violations. We understand these guidelines are intended to be used as staff guidance in offering consent orders for CPE violations, a responsibility the VBOA has delegated to the VBOA's Enforcement Division staff. Since these revised guidelines will influence how the VBOA interacts with our members, we are providing the following comments for consideration.

First, what constitutes an offense is not clearly defined in these guidelines. Specifically, it is unclear whether the penalties associated with second and third offenses assume that the prior offense was the same deficiency or if any deficiency would result in a second/third offense penalty being applied upon a subsequent deficiency. This should be clarified for transparency purposes.

Second, it is unclear whether the compounding penalties identified in Section III may also be applied as standalone penalties. It may be appropriate to separate this section into one for penalties that can be applied as compounding or standalone and a separate section for penalties that would only be applied as compounding penalties.

Third, we are concerned about the deficiency related to false certifications on renewal applications. Specifically, while we understand that the VBOA rarely denies education submitted for CPE as long as appropriate documentation is provided, the possibility that this could happen still exists. Because the VBOA does not approve CPE providers or classes prior to an audit of a licensee, this could put a licensee in the position of believing they are fully in compliance when they may not be. Additionally, this penalty could discourage self-reporting if a licensee discovers that they are short CPE after renewing. We recommend revisiting the inclusion of this penalty in self-reporting situations and situations where the licensee made a good faith effort to be in compliance with CPE requirements.

Fourth, there are penalties for both failing to respond within 30 days and failing to update contact information within 30 days. It seems unlikely that it would come to the VBOA's attention that a licensee failed to update his contact information timely unless there was also a failure to respond within 30 days. Staff has indicated that these two penalties would not be applied together, but that is not articulated in the current draft of the penalties. Additionally, it seems excessive to penalize someone for failing to update their contact information when that would most likely only come to light in situations where an additional punishable offense was committed. We recommend removing this penalty for failure to update contact information within 30 days entirely.

We recognize that these guidelines are intended to be used for consent orders and that licensees still have the right to reject the consent order and request additional consideration and review. However, we are concerned that a licensee may not fully understand the process and may sign the consent order without being aware that there are other options. Therefore, we feel the aforementioned clarifications and modifications are important to ensuring that reasonable and appropriate penalties are applied for most situations from the outset.

4309 Cox Road  
Glen Allen, VA 23060  
p (804) 270-5344  
f (804) 273-1741  
vscpa@vscpa.com  
www.vscpa.com

We sincerely thank you for the opportunity to comment on this issue of importance to Virginia CPAs, and we appreciate your consideration of our concerns. If you have questions or would like to discuss any of these comments further, please feel free to contact me or VSCPA Vice President of Advocacy Emily Walker at (804) 612-9428 or [ewalker@vscpa.com](mailto:ewalker@vscpa.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Stephanie Peters", with a stylized flourish at the end.

Stephanie Peters, CAE  
President & CEO  
Virginia Society of CPAs

Month Day, Year

BY FIRST CLASS, BY CERTIFIED MAIL  
(XXXX XXXX XXXX XXXX XXXX) RETURN RECEIPT REQUESTED and BY  
EMAIL (example@example.com)

Full Name  
Street Address  
City, State XXXX

Re: File No. 20XX-XXX-XXXX

Dear Mr./Ms. Last Name:

Thank you for your recent communication regarding the Virginia Board of Accountancy's ("the Board") continuing professional education ("CPE") requirements for the reporting period of [list years].

As stated in the communications with you, you failed to [list specific deficiencies]. Your failure to comply with Board regulation 18VAC5-22-90 also raises the inference that you made false certifications to the Board on your renewal application[s].

The Board requires licensees who are CPE deficient to take one of the following actions:

1. You have been offered a Consent Order (enclosed) relating to the specific deficiencies and ethical violations to settle this matter. Your acceptance of the proposed Consent Order must be received by the Board **on or before [date 2 weeks out]**. To accept the proposed Consent Order, you must sign and return to the Board office all pages of the enclosed original Consent Order. Legal advice may be sought if you so desire prior to signing the proposed Consent Order.

2. If you choose not to sign the Consent Order, you may request an Informal Fact-Finding (“IFF”) Conference, which will result in a final case decision by the full Board. You must notify the Board **on or before [date 2 weeks out]** if you would like an IFF Conference.
3. If you choose not to sign the Consent Order, you may voluntarily surrender your license. Please note that if you ever wish to reinstate your CPA license, you must address the CPE deficiency if reinstatement is requested in the future. A permanent 'stop code' is placed on your record for CPE non-compliance, and this information is reported to any organization should verification of your license be requested. You must notify the Board **on or before [date 2 weeks out]** if you would like to voluntarily surrender your license.

If you fail to take any action regarding the proposed Consent Order, the Board's Enforcement Division will schedule an IFF Conference to be held.

**Submission and Payment Instructions:**

The signed and notarized Consent Order must be returned to the address below.

CPE certificates of completion must be submitted electronically to the Board's online CPE tracking system. Submissions of CPE certificates of completion by any other method will be deemed invalid and may jeopardize the status of your Virginia individual CPA license.

Payments must be made by check, money order, or cashier's check:

- made payable to “Treasurer of Virginia”;
- containing the file number in the Memo line; and
- mailed to:

**Virginia Board of Accountancy  
ATTN: Enforcement Division  
9960 Mayland Drive, Suite 402  
Henrico, Virginia 23233**

Should you have any questions, or require any additional information regarding the above-referenced proceedings, please contact me by telephone at 804-367-XXXX, by e-mail at [firstname.lastname@boa.virginia.gov](mailto:firstname.lastname@boa.virginia.gov), or by regular mail at the address referenced above.

Sincerely,

Name  
Title

Enclosure

# COMMONWEALTH OF VIRGINIA



VIRGINIA BOARD OF ACCOUNTANCY

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## DISCIPLINARY GUIDELINES

PROPOSED FIRST EDITION AS OF APRIL 17, 2017

**DRAFT** - Proposed First Edition as of April 17, 2017 - Page 1 of 3 - **DRAFT**

## **I. STATEMENT OF INTENT**

To assist in the efficient, effective, and fair resolution of disciplinary cases, these guidelines have been provided to the Virginia Board of Accountancy's ("the Board") Enforcement Committee. Review of similar cases and consequences of previously adjudicated cases should also be utilized by the Enforcement Committee in determining the appropriate disciplinary outcomes.

These guidelines are intended as a supplement to the Board's adjudication manual.

## **II. AGGRAVATION OF PENALTY**

The following are among aggravating circumstances to be considered by the Enforcement Committee in providing penalties in proposed decisions:

- a. Nature and severity of the violation(s)
- b. Number of years over which the violation(s) occurred
- c. Number of violations
- d. Evidence that a violation was knowingly committed and/or was premeditated
- e. Evidence that the Respondent knew or should have known that his or her actions could harm the Complainant, his or her clients, or the public
- f. Evidence that the Respondent took advantage of the Complainant, his or her clients, or the public for personal gain, especially if the Respondent was able to take advantage due to the ignorance, impairment, age, or lack of sophistication of the injured party
- g. Potential past impact or possible future impact to the public based on violation(s)
- h. Known past impact or harm to Complainants or other parties
- i. Net income derived over time generated from violation(s) as a present value calculation
- j. Lack of credibility of the Respondent's statements, testimony, documentation, or other evidence provided in the course of investigation
- k. Misrepresentations, deceit, or fraud by the Respondent in answering Board inquiries
- l. Lack of cooperation and timeliness by the Respondent in providing information and responding to Board inquiries
- m. Respondent's disciplinary history with the Board or any other jurisdiction, particularly where prior discipline has occurred for the same or similar violation(s)
- n. Respondent's failure to comply with prior disciplinary actions

### **III.MITIGATION OF PENALTY**

The following are among mitigating circumstances that may be taken into account by the Enforcement Committee in providing penalties in proposed decisions:

- a. Self-reporting of violation(s)
- b. Lack of previous disciplinary history in this or any other jurisdiction
- c. Demonstration of remorse by the Respondent
- d. Timeliness of remedial actions by the Respondent to correct any violation upon notice
- e. Acceptance of responsibility for compliance with the accountancy statutes and/or regulations and violation(s) thereof
- f. Demonstration of corrective action to prevent reoccurrence
- g. Passage of considerable time since an act of professional misconduct occurred with no evidence of recurrence or evidence of any other professional misconduct
- h. If violation(s) involved multiple Respondents, the relative degree of culpability of the subject Respondent should be considered
- i. Degree of financial hardship incurred by the Respondent as a result of the imposition of penalties or of the suspension or revocation of licensure

### **IV.REHABILITATION CRITERIA**

When considering the denial of a license, the suspension or revocation of a license or reinstatement of a revoked or suspended license, the Board, in evaluating the rehabilitation of the Respondent and his or her present eligibility for a license, will consider the following criteria:

- a. Nature and severity of the act(s) or offense(s)
- b. Criminal record and evidence of any act(s) committed subsequent to the act(s) or offense(s) under consideration that could also be considered as grounds for denial, suspension, or revocation
- c. The time that has elapsed since commission of the act(s) or offense(s) referred to above
- d. The extent to which the Respondent has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the Respondent
- e. If applicable, evidence of expungement proceedings or restoration of civil rights
- f. Evidence, if any, of rehabilitation submitted by the Respondent

## Board Policy #4

**TITLE:**

Continuing Professional Education (CPE) Guidelines for CPAs

**EFFECTIVE DATE:**

June 30, 2015

**AUTHORITY:**

§§ 54.1-4409.2 and 54.1-4413.2 of the Code of Virginia and Board Regulations  
18VAC5-22-90 and 18VAC5-22-140

**POLICY STATEMENT:**

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

### **General guidelines**

Board Regulation 18VAC5-22-90 requires licensees who are not currently performing any services and who resume providing services to the public or to an employer to first obtain at least 120 hours of CPE prior to providing those services. The 120 hours must include a two-hour Virginia-Specific Ethics Course (an annual requirement - see below).

The Board recognizes that 50 minutes of CPE participation equals one hour of CPE credit. One semester hour of credit for courses at an accredited college or university constitutes 15 hours of CPE and one quarter-hour of credit constitutes 10 hours of CPE.

CPE requirements may be adjusted depending upon when a Virginia CPA begins or ceases to provide services to the public or to an employer in accordance with Board Regulation 18VAC5-22-90. Specific questions may be addressed by contacting the Virginia Board of Accountancy.

### **Virginia-Specific Ethics Course**

The VBOA requires that all licensees providing services to the public or to an employer complete on an annual basis a Virginia-Specific Ethics Course that complies with Board Regulation 18VAC5-22-90. The two-hour Virginia-Specific Ethics Course is a separate and distinct annual requirement from the one-time American Institute of Certified Public Accountants ethics course needed for initial licensure.

Virginia licensees must complete the required annual ethics course no later than January 31 of each year to meet the previous calendar-year requirement. Therefore, no sponsor may provide the annual ethics course later than January 31 for the previous calendar year.

The Board has approved the Virginia Society of CPAs as the only provider of content/material for the Virginia-Specific Ethics Course. The ethics course content/material must follow an annual outline approved by the Board.

The course must be instructor-led but may be presented in a variety of different formats including, but not limited to, live seminars, conference sessions, online self-study presented by an instructor, live webcast and webcast replays, on-demand webcast and in-house training.

It is the licensee's responsibility to ensure that sponsors providing the Virginia-Specific

**POLICY STATEMENT, con't:**

Ethics Course are listed on the Board's website as an approved provider of this course.

Licensees 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 CPE hours earned.

If the licensee is not satisfied with the content of the course or the instructor, the licensee is encouraged to contact the VBOA. Licensees will not be granted CPE credit for completing a Virginia-Specific Ethics Course from a non-approved sponsor.

**Qualifying CPE (excluding the Virginia-Specific Ethics Course)**

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

A variety of continuing professional education is acceptable, including:

- Attending a seminar or educational conference: Instructors must have up-to-date knowledge of the subject matter and use appropriate teaching materials. Attendance should be monitored in a manner that can be verified by the VBOA.
- Earning course credit at an accredited college or university.
- Completing a self-study course: Licensee must be able to demonstrate that learning objectives were met.
- Making a presentation: The licensee may present at a professional seminar, educational conference or classroom setting, provided that up-to-date knowledge of the subject matter is demonstrated and appropriate teaching materials are used.
- Producing written materials: The topic must be relevant to CPAs providing services to the public or an employer. The material is formally reviewed by an independent party and must be published in a book, magazine or similar publication.
- Additional Board approved CPE: The Board has approved CPE credit for passing specific exams (in the year passed), without a certificate of completion indicating CPE hours earned, not to exceed a total of 60 hours over a three-year rolling period. The listing of approved exams can be found on the Board's website under "Qualifying CPE."

The Board will determine on a case-by-case basis the acceptability of other forms of CPE.

The VBOA has restrictions on the CPE hours a licensee may regard as valid:

- Repeat presentations may not be counted as additional CPE.
- During each three-year period, a maximum of 30 hours for preparing and making presentations is allowable.
- One semester-hour of credit for courses at an accredited college or university constitutes 15 hours of CPE and one quarter-hour of credit constitutes 10 hours of CPE.

**POLICY STATEMENT, con't:**

The Board has also approved that Continuing Education (CE), Continuing Education Units (CEU), Continuing Legal Education (CLE), Continuing Medical Education (CME), Quality Assurance Service (QAS) and semester and quarter-hour credits are acceptable as CPE credits.

The VBOA does not currently require licensees to obtain CPE from specific or approved sponsors (excluding the Virginia-Specific Ethics Course).

In addition, pursuant to Board Regulation 18VAC5-22-140, individuals who release or authorize the release of reports on attest or compilation services provided for persons or entities located in Virginia must obtain on an annual basis a minimum of eight hours of CPE related to attest or compilation services.

**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 licensed CPAs in Virginia for CPE compliance. The VBOA will notify licensees selected for a CPE compliance review. If selected, licensees will be required to submit acceptable CPE documentation to verify compliance through a means determined by the Board. 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 CPAs in Virginia will also be selected for a CPE compliance review as a component of any open investigation (enforcement case), or in situations where the VBOA believes that a CPE compliance review is warranted.

Licensees should not submit CPE documentation during the annual renewal process unless specifically asked to by the VBOA. However, CPE documentation must be retained for the three calendar-years preceding the current calendar-year.

**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 CPE hours 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

**POLICY STATEMENT, con't:**

producing written material relevant to CPAs who provide services to the public or to 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.

The VBOA will determine on a case-by-case basis whether other forums are acceptable for CPE credit.

For a complete summary of CPE accepted by the VBOA, see Board Regulation 18VAC5-22-90F.

**Retention requirements for CPE documentation**

Licensees must retain CPE documentation for the ~~three~~ four calendar-years preceding the current calendar-year.

**CPE violations**

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

For a complete summary of CPE accepted by the VBOA, see Board Regulation 18VAC5-22-90F.

A licensee may also determine on their own (outside of the CPE compliance review program) that they are deficient in CPE for a specific reporting period. The licensee should notify the VBOA immediately when it is determined that a CPE deficiency has occurred.

In accordance with Board Regulation 18VAC5-22-90H, 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.

CPE FAQs

**APPROVAL AND REVIEW:**

This Board policy was reviewed on June 30, 2015.

**SUPERSESSION:**

This Board policy replaces Board Policy #4 effective April 30, 2015.

**BOARD CHAIR AT  
LAST REVIEW:**

W. Barclay Bradshaw, CPA

**BOARD MEMBERS AT  
LAST REVIEW:**

Robert J. Cochran, Ph.D., CPA, Vice Chair  
Matthew P. Boshier  
James M. "Jim" Holland, CPA  
Andrea M. Kilmer, CPA, CFF, CGMA  
Marc B. Moyers, CPA  
Stephanie S. Saunders, CPA

**EXECUTIVE DIRECTOR:**

Wade A. Jewell

## **DISCUSSION REGARDING REPEAL OF VA. CODE § 54.1-4413.2(B)**

**BACKGROUND:** Currently, Va. Code § 54.1-4413.2(A)-(B) reads as follows:

A. A Virginia license shall provide its holder with a 12-month privilege to use the CPA title in Virginia or provide attest services, compilation services, and financial statement preparation services to persons and entities located in Virginia.

B. The person or firm holding the license shall have an additional 12-month period after the expiration of a license to renew the license.

1. The Board may prescribe renewal fees and requirements that increase based on the amount of time the person or firm allows to elapse before applying for renewal.

2. During the additional 12-month period, the person or firm shall be considered to hold a Virginia license.

Effective July 1, 2017, subsection B above is repealed.

### **QUESTIONS:**

1. For those people who *currently* hold "Active-Renewal Fee Delinquent" statuses, will their status automatically flip to "Expired" on July 1, 2017? Or since they were already in that "additional 12-month period," does that whole 12-month period have to run out before they go to "Expired" status?
2. Can the Board grant additional time to renew (but not to practice) (a) by practice, (b) by policy, or (c) by regulation?
3. If the Board is capable of creating a grace period or granting additional time to renew, what license status would a person have from the expiration date of the license to the end of the grace period/additional time?
4. Can the Board (a) by practice, (b) by policy, or (c) by regulation define a license's term as between July 1<sup>st</sup> and June 30<sup>th</sup>? Or can this only be achieved by a statute change?
5. (The following questions assume a uniform renewal date is in place with no changes made to Va. Code § 54.1-4413.2(A)):
  - a. If a licensee who fails to timely renew applies for and is granted reinstatement, would the license be good through June 30<sup>th</sup> (which may be less than 12 months) or would the reinstated license be good for 12 months (resulting in them no longer being on the uniform renewal cycle)?
  - b. If an applicant for initial licensure is granted a license in any month other than July, would the license be good through June 30<sup>th</sup> (which may be less than 12 months) or would the reinstated license be good for 12 months (resulting in them no longer being on the uniform renewal cycle)?
  - c. Can any licensing applicant agree to—as part of the application—receiving a license that is good for less than 12 months so we can keep them on the uniform renewal cycle?

# Proposed Evolution of Peer Review Administration

Revised January 2017

*A discussion paper seeking input from state CPA  
societies and state boards of accountancy*

Released for comment: January 4, 2017  
Feedback requested: June 30, 2017

## Background

In February 2016, the American Institute of CPAs (AICPA) released a discussion paper to state CPA society (society) CEOs to solicit input on the evolution of peer review administration of the AICPA Peer Review Program (Program), with a companion paper sent to state boards of accountancy (boards) in July. The evolution of peer review administration is part of the AICPA's Enhancing Audit Quality (EAQ) initiative, with the objective to ultimately improve audit performance by increasing consistency, efficiency and effectiveness of Program administration.

The February paper proposed a model for a peer review administering entity (AE) of the future, specifying various criteria, including a required number of AEs, specific staffing requirements/qualifications, structural requirements for Peer Review Committees (Committees) and Report Acceptance Bodies (RABs) and the administration of a minimum of 1,000 peer reviews annually. The model demonstrated one potential way in which the consistency, efficiency and effectiveness in the administration of peer review could be increased, resulting in improved audit performance by practitioners.

The discussion paper and its companion paper to the boards generated significant discussion and response, including formal comment letters from 30 societies and 25 boards. The overwhelming majority of respondents agreed inconsistencies exist among AEs and the administration model needs to change. Most respondents agreed a reduction in the number of AEs would improve consistency.

In addition, stakeholders submitted ideas on how best to achieve the stated objective including several alternatives to the model. A group of society staff leadership and AICPA staff carefully considered these alternatives, and agreed that a model using modified staffing requirements/qualifications and specific performance benchmarks could most effectively achieve the objective. In addition, the Planning Task Force of the AICPA's Peer Review Board (PRB) provided additional input while concurring with the approach as a whole. **Based on this feedback, the model has been revised to eliminate the required number of AEs, the requirement to administer a minimum of 1,000 reviews annually and many of the AE staffing requirements.**

## Proposed Benchmark Model

The most common suggestion for the evolution of peer review administration was to allow existing, effective AEs that operate in full accordance with Program Standards and guidance, to continue administering the Program, without consideration given to the number of peer reviews administered, and to discontinue administration by poor performing AEs. Many respondents indicated they believed their AE was operating effectively because they were unaware of any evidence to the contrary. **Accordingly, the model proposed in this paper requires AEs to meet specific benchmarks, diligently monitored by the AICPA, and increases transparency of AE performance.**

Under this model, AEs that choose to continue administering peer reviews must meet specific benchmarks, which include qualitative, objective and measurable criteria. AEs will be evaluated based upon whether they consistently meet these benchmarks. AE performance will be made transparent through new reporting requirements to various stakeholders, such as society CEOs and boards, as appropriate. If this approach is undertaken, the specific benchmarks illustrated in this paper are subject to changes and approval by the PRB, and may be modified over time due to advances in technology and other factors.

Inconsistencies in administrative processes and report acceptance have been identified by PRB Oversight Task Force (OTF) members and AICPA staff through RAB observations, AE oversight visits and other processes. These inconsistencies, though communicated only to the AE in the past, resulted in peer reviews being administered untimely and with results not in compliance with the Program. The proposed benchmarks have been developed by identifying how to:

- Minimize the inconsistencies
- Increase the probability that individuals with the appropriate knowledge, experience and skepticism perform and give adequate consideration to technical reviews and the RAB process, and
- Optimize the peer review process so firms can meet their licensing requirements efficiently

### Two Important Criteria Retained and Modified

Two key criteria from the original proposed model are included, though slightly modified, in this revised proposal related to staffing and Technical Reviewer requirements.

- 1) Staffing: Ultimately, the society CEO is responsible for determining the necessary staffing and hiring appropriately qualified individuals.

Though the primary focus of the proposed model is the achievement of identified benchmarks, each AE will be required to have at least one CPA employed on staff, who is actively engaged, knowledgeable about the Program Standards and administrative requirements and processes, and has the authority and sufficient knowledge to identify and correct inadequate performance of an administrator or technical reviewer. If the AE administers for more than one state, the CPA staff member must be employed full-time. This individual should

- Be fully committed to the objectives of the Program and its administration and have the moral courage to challenge Committees/RABs, when necessary
- Conduct monitoring procedures and present results to the society CEO
- Be responsible for day to day operations of the Program, which allows continuity and a backup plan

- 2) Technical Reviewer Requirements: Based on stakeholder feedback the requirement for a full-time technical reviewer to be employed on staff has been removed. Additionally, the requirement that all working papers be evaluated as a part of the technical review has been removed. However, there will be a change in process in that administrators will make all peer review working papers available to the technical reviewer who will be required to take a risk-based approach in determining which working papers should be evaluated during the technical review. In addition, the requirement for the technical reviewer to be present during RAB meetings has been retained.

### Failure to Meet Benchmarks

If performance benchmarks are not met, a society (or organization) will lose its ability to be an AE. The OTF and AICPA staff will monitor AE compliance through reports generated from the new peer review software program launching in 2017, Peer Review Integrated Management Application (PRIMA), observations of Committee and RAB meetings and AE oversight visits. If an AE fails to meet the benchmarks and appropriate, timely remediation is not achieved, the

PRB will rescind the AE's ability to administer the Program. Fair procedures will be developed and followed to determine the appropriate remediation and, if necessary, termination.

## **Benchmarks**

Benchmarks fall into three categories: administrator, technical reviewer and Committee/RAB. AEs will be required to develop policies and procedures to address how the AE will comply with the benchmarks. These policies and procedures will become part of each AE's annual Plan of Administration (POA). The POA is a document outlining operational details as to how the AE will implement the Program under Program Standards and is subject to annual approval by the PRB.

In addition, each AE will be required to develop and disclose in its POA its policies and procedures designed to mitigate the familiarity threat that exists among Committees/RABs, technical reviewers, peer reviewers, and firms subject to review, based on the AE's particular circumstances. Such procedures may include one or more of the following (not all inclusive):

- Redacting identifying information about firm and/or peer reviewers from documents presented to RAB
- Arranging for the acceptance of its committee members' peer reviews by another AE
- Arranging for the acceptance of its high-volume reviewers' reviews by another AE
- Arranging for RAB members or specialists from other states to participate in RABs
- Engaging qualified individuals from another state to perform all technical reviews

In addition to the policies and procedures designed to mitigate the familiarity threat developed by each AE, all committee and RAB members will annually be required to: (1) participate in guided discussion which will emphasize the importance of maintaining objectivity and the appropriate level of skepticism, and (2) sign confirmations indicating their agreement to comply with Program Standards and maintain objectivity and an appropriate level of skepticism.

For each AE, the applicable society CEO(s) will be accountable for the peer review administrative process under his/her organization's responsibility. Accordingly, the CEO will be responsible for:

- Determining the necessary staffing
- Hiring appropriately qualified individuals
- Monitoring compliance with the benchmarks, and
- Signing the POA, agreeing to the responsibilities outlined above

*See Exhibit 1 for descriptions of proposed benchmarks.*

## **Benchmark Violations and Fair Procedures**

If an AE fails to meet the required benchmarks, fair procedures will be followed to determine the appropriate remediation, or depending on the significance of the benchmarks not achieved, termination. The fair procedures developed will provide the AE an opportunity to remedy the situation(s) that created the violation(s), with disqualification as an AE resulting only from a failure to remediate to acceptable levels of performance. When remediation is required, the individual within the AE responsible for the Program should immediately take required actions, and the society CEO should oversee the remediation.

Violations will fall into one of two categories: egregious and non-egregious, with both types of violations resulting in required remediation and appropriate transparency to stakeholders. A pattern of non-egregious violations will result in additional oversight, with failure to remediate causing the AE to move into “probation.” Egregious violations will cause immediate “probation,” with the AE incurring the cost of external oversight during remediation.

Exhibit 2 provides a flow chart and an illustrated example of fair procedures. The fair procedures will be fully developed and shared with all stakeholders, including the costs to the AE for remediation and probationary activities.

As previously indicated, the specific benchmarks illustrated in this paper are subject to changes and approval by the PRB, including the determination of which benchmark violations are considered egregious. Below are examples of proposed egregious benchmark violations which will cause an AE to move into probation:

- Late submission of the Annual POA (or not including all required information) by due date (note that the PRB is currently considering revising the due date of the Annual POA to a time where submission of complete information is reasonably achievable)
- Not completing the required annual minimum number of oversights by the due date (note that, similar to the consideration noted above for the Annual POA, the PRB is currently considering the date by which all oversights must be completed.)
- Not addressing reviewer performance issues timely
- Technical reviewer and Committee/RAB members not applying appropriate level of objectivity and skepticism (familiarity threat)
- Receiving repeat comments in a RAB observation report from the immediate preceding report
- Releasing confidential peer review information to an external party without written permission from firm
- Sending over 15% of required communications late
- RABs accepting reviews without the presence of members who have appropriate experience/expertise or a quorum
- Not performing administrative oversight
- RAB consistently deferring or delaying over 10% of reviews
- Not engaging/using technical reviewers who possess appropriate experience, training or expertise
- Technical reviewers not present at RAB meetings
- Not structuring and scheduling RAB meetings appropriately
- Not responding timely to requests from the OTF or AICPA staff

### **State Board Oversight**

While this paper does not propose a separate set of board oversight benchmarks, **such oversight will continue to be a critical component of the Program's administration.** The proposed model will not be effective without external oversight such as that performed by board-appointed Peer Review Oversight Committees (PROCs). We will continue to work closely with the National Association of State Boards of Accountancy (NASBA) and boards to support an effective PROC process. We will also continue our collaboration with NASBA's Compliance Assurance Committee (CAC) to discuss and develop appropriate oversight procedures.

In addition, we will create a panel of board executive directors as an additional channel of input for administrative matters. Through this model, we will provide an additional avenue of discussion regarding AE administration and other peer review matters.

### **Stakeholder Feedback Requested by June 30, 2017**

Feedback is integral to the evolution of peer review administration. The AICPA is requesting your feedback of this proposed model and the benchmark criteria for AEs of the future. All input will be considered and will shape the final plan. The intent is to communicate a final plan, along with a transition process, by August 31, 2017.

Please consider the following questions when formulating your response.

- Considering the benchmark criteria presented, what changes do you believe will best increase consistency and audit quality in the peer review administration process?
- What suggestions do you have to help mitigate familiarity threats to the process?
- Are there proposals within this paper that are not feasible? If so, what suggestions do you have for otherwise meeting the objective of increasing consistency, efficiency and effectiveness of Program administration?
- Considering the benchmark criteria presented, would any new criteria be unreasonable to implement by May 1, 2018?
- Are there additional benchmark criteria that should be included?
- Are there aspects discussed within the paper that need further clarification?

If you have concerns about aspects of the proposed plan, please share alternative suggestions for meeting the quality initiative.

Comments and responses should be sent to Beth Thoresen, Director – Peer Review Operations, AICPA Peer Review Program, AICPA, 220 Leigh Farm Road, Durham, NC 27707-8110 or [prsupport@aicpa.org](mailto:prsupport@aicpa.org), and are requested by June 30, 2017.

Thank you in advance for your thoughtful consideration of the issues facing Peer Review administration, and your commitment to enhancing audit quality throughout the profession.

## **Exhibit 1 – Benchmarks**

The following are proposed performance benchmarks for which each AE will be held accountable. All benchmarks in this paper are illustrative and are subject to modification and approval by the PRB. The OTF and AICPA staff will monitor compliance utilizing PRIMA, observations of Committee and RAB meetings and AE oversight visits.

Some benchmarks may require changes to guidance and others may be revised as PRIMA is implemented during 2017. Current benchmarks will be monitored upon approval of the concept. Certain benchmarks are currently implied and thus expected to be currently met, and guidance will be changed such that they will be explicitly required. Benchmarks that are not currently implied or required will be phased in, with all benchmarks effective by May 1, 2018.

### Administrator Benchmarks:

#### *Current Requirements*

- Enter committee decision for reviews when acceptance has been delayed or deferred and send letters within two weeks of RAB meetings
- Submit complete annual POA by due date, including completion of all requirements
- Select appropriate reviews for oversight based on written criteria in the policies and procedures, which considers risks associated with both the reviewer and the firm
- Ensure the minimum number of oversights and the related criteria are met and performed throughout the year
- Send overdue letters and other communications when appropriate as required by guidance
- Make appropriate decisions on exceptions (e.g. extensions, team members, off-site reviews, etc.) and maintain support for exceptions
- Perform the reviewer resume verification process timely and in accordance with the Oversight Handbook
- Follow the documentation retention criteria policy established within Interpretation 25-1

#### *Implied Requirements*

- Comply with confidentiality requirements of the Program and the boards for the states the AE administers; this includes:
  - Establish internal confidentiality procedures
  - Communicate the policies and procedures to all parties involved in the peer review administration process
  - Observe that the policies and procedures are followed
- Complete administration checklist and record working papers received (within four business days of receipt)
- Fully implement recommendations from RAB observations in a timely manner upon receipt of the report
- Fully implement recommendations from RAB observations such that no comments are repeated in subsequent observations
- Provide RAB materials electronically to RAB members one week in advance of RAB meetings
- Respond timely to requests from the OTF or AICPA staff

#### *New Requirements*

- Weekly investigate reviews for which review team composition can't be approved
- Record committee decisions timely in PRIMA after RAB meetings for reviews that are accepted which will result in documents being uploaded to FSBA
- Address the familiarity threat for Committee and RAB composition within the POA

#### Technical Reviewer Benchmarks:

##### *Current Requirements*

- Perform the technical review timely and in accordance with the RAB Handbook requirements (including applying appropriate levels of objectivity and skepticism)
- Recommend reviews or engagements for oversight when appropriate

##### *Implied Requirements*

- Limit reviews with open items and missing relevant information from being included in the RAB package unless RAB consultation necessary (overall over time, an AE should have less than 10% of its reviews delayed or deferred to another meeting)
- Fully implement recommendations from RAB observations in a timely manner upon receipt of the report
- Fully implement recommendations from RAB observations such that no comments are repeated in subsequent observations
- Be familiar with guidance issued by the PRB and the board licensure laws for the states in which the AEs administer peer reviews
- Propose due date for corrective actions or implementation plans after discussing feasibility with the firm in advance of RAB meeting to be included in the RAB materials
- Respond timely to requests from the OTF or AICPA staff

##### *New Requirements*

- Prepare reviewer feedback forms and letters in advance of RAB meeting to be included in the RAB materials
- Obtain must-select training to perform technical reviews of peer reviews that have engagements from must-select industries
- Be present during RAB meetings in which his/her reviews are presented to answer RAB member questions to avoid deferrals or delays
- Be CPAs
- Thoroughly prepare peer reviews for RAB meetings to minimize the number of reviews that are deferred or delayed accepted subject to missing information

#### Committee/RAB Benchmarks:

##### *Current Requirements*

- Conduct RAB meetings with sufficient frequency to meet 120-day rule for timeliness of presentation of reviews (60-day rule for engagement reviews with certain criteria)<sup>1</sup>

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<sup>1</sup> This model does not propose a minimum number of RAB meetings per year.

- Structure each meeting's RAB member composition to include members with relevant industry experience (regarding must-select engagements)
- Ensure each review has a quorum of RAB members to vote on it in accordance with the RAB Handbook
- Be familiar with guidance issued by the PRB
- Meet qualifications as established in the RAB Handbook
- Read materials prior to the RAB meeting and come prepared to discuss agenda items
- Discuss peer reviews and do not overly rely on the technical reviewer (including applying appropriate levels of objectivity and skepticism)
- Assign corrective actions and implementation plans in the appropriate situations with due dates that are feasible and will benefit the firm
- Issue timely the appropriate level of reviewer feedback that the situation dictates
- Shepherd reviews through the completion process timely, including generally not waiving or extending corrective actions and implementation plans (exception – hardships)
- Perform oversights on firms and reviewers timely in accordance with the Oversight Handbook and each AE's own written policies and procedures
- Annually evaluate qualifications and competencies of technical reviewer(s)
- Perform administrative oversight in accordance with the Oversight Handbook

#### *Implied Requirements*

- Establish RAB meeting length so that the entire meeting is productive; the length is appropriate to adequately discuss each peer review given its complexity (suggestion: conference calls should not be scheduled for more than two hours)
- Fully implement recommendations from RAB observations in a timely manner upon receipt of the report
- Fully implement recommendations from RAB observations such that no comments are repeated in subsequent observations
- Respond timely to requests from the OTF or AICPA staff

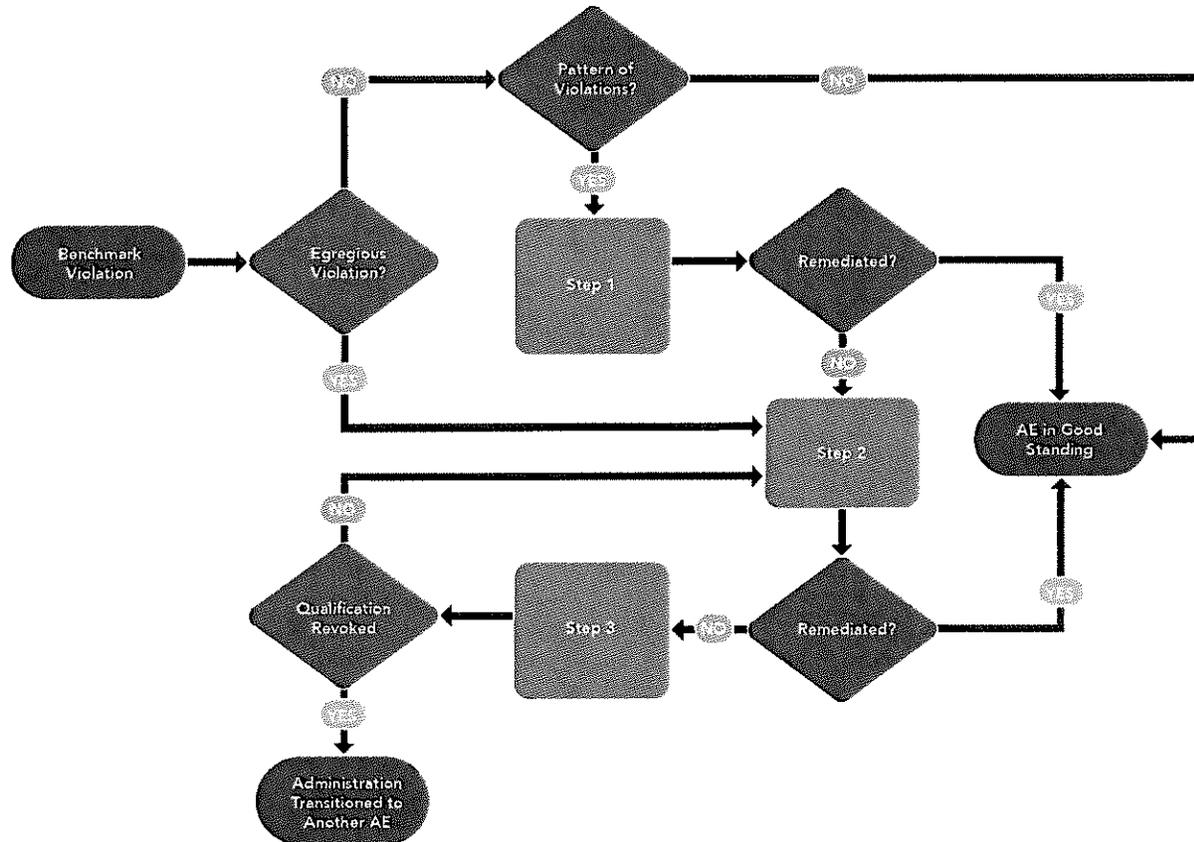
#### *New Requirements*

- Schedule RAB meetings no later than two weeks in advance
- Establish a written RAB rotation policy regarding RAB composition within the POA
- Ensure an oversight plan is approved by the Committee and is in place by a required date
- Present pertinent facts on each review (not on the consent agenda) prior to discussion and voting
- All RAB members will formally attest to having read all materials prior to RAB meeting and will maintain objectivity and a professionally skeptical attitude when considering reviews presented for acceptance.

**Exhibit 2 – Fair Procedures**

If an AE fails to meet the established benchmarks, fair procedures will be followed. The anticipated process will include multiple steps, including required remediation and, if remediation is not successful, termination of the AE’s qualification to administer the Program.

Process Flow:



Steps in Fair Procedures:

Step 1: Increased monitoring performed remotely by AICPA staff. Determination to move to Step 1 made by AICPA staff, with periodic reporting of activity to the OTF.

- Accelerated RAB observations to include all reviews presented to RAB. (Second RAB observation to occur no sooner than 30 days after the first.)
  - Procedures include reviewing RAB materials, observing the RAB meeting and preparing the report.
- Monitor status of open reviews monthly during this period.

Step 2: Probation – increased monitoring performed by AICPA staff and/or OTF member at AE's expense, which may include on-site oversight at an appropriate hourly rate and reimbursement of travel expenses. Determination to move to Step 2 made by OTF.

Step 2 Example: Below are activities that may occur with increased monitoring during the probation period. Multiple activities, including repetitions, may be required, and could cost the AE anywhere from \$10,000 to \$40,000. Note, however, that actual hours, rates and resulting costs may vary greatly.

- RAB meeting observation – procedures include reviewing materials, observing the meeting and preparing a report to the OTF (time estimate – 5 hours)
- Test AE's compliance with administrative procedures (time estimate – 4 hours)
- Committee meeting observation (time estimate – 4 hours)
- Travel to AE for in-person observation (time estimate – 4 to 10 hours)

Step 3: Referral to hearing panel to determine whether:

- The AE's qualification to administer the Program will be terminated (with its administration transitioned to another AE), or
- The AE will be allowed to continue to remediate (i.e., return to Step 2).



Peer Review Program

**Peer Review Oversight Committee**  
**Virginia Board of Accountancy**  
**9960 Mayland Drive, Henrico, VA 23233**

Nadia A. Rogers, CPA, Chair   Delores C. King, CPA   Nicole Kint, CPA   Reza Mahbod, CPA   Steven P. Walls, CPA

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April 24, 2017

Members of the Board  
Virginia Board of Accountancy  
9960 Mayland Drive  
Henrico, Virginia 23233

Thank you for the opportunity to provide our feedback regarding the questions posed in the American Institute of Certified Public Accountants' (AICPA) discussion paper entitled Proposed Evolution of Peer Review Administration – Revised January 2017. We understand the external pressure that has been placed on the Peer Review Program as well as the ever-changing nature of the accounting profession as a whole and fully support improving the consistency and, ultimately, the quality of the Program.

The revised discussion paper details the aspects of the model proposed in the Evolution of Peer Review Administration discussion paper and related supplemental paper that have now been removed and focuses on the aspects that have been modified or created based, largely, on formal comment letters from 30 societies and 25 boards. Elimination of the following have been detailed within the revised document: required number of administering entities (AE), the requirement to administer a minimum of 1,000 reviews annually and many of the AE staffing requirements. Noteworthy modifications or new requirements detailed in the revised discussion paper are as follows:

1. Benchmarks

The revised discussion paper details Administrator, Technical Reviewer and Committee/RAB Benchmarks that each AE must meet to, ultimately, increase transparency regarding its performance. In the event that the AE does not meet the required benchmarks, the AICPA has outlined procedures to be followed regarding remediation with the ultimate action being termination as an AE (depending on whether or not the AE properly remediates in addition to the significance of the benchmark not achieved).

2. Staffing

The AE Chief Executive Officer (CEO) is ultimately responsible for the staffing and hiring of qualified individuals. Furthermore, every AE is required to employ a CPA and, those that administer peer reviews for more than one state, are required to hire the CPA on a full-time basis. Per the revised discussion paper, this individual should:

- Be fully committed to the objectives of the Program and its administration and have the moral courage to challenge Committee/RABs, when necessary

- Conduct monitoring procedures and present results to the society CEO
- Be responsible for day to day operations of the Program, which allows continuity and a backup plan.

### 3. Technical Reviewer Requirements

All peer review working papers will be made available to the Technical Reviewer, whom will utilize a risk-based approach to determine the working papers he/she deems necessary for review. Additionally, the Technical Reviewer is required to be present at the RAB meetings.

The AICPA poses questions for consideration within the revised discussion paper. Our responses to those questions are as follows:

1. *Considering the benchmark criteria presented, what changes do you believe will best increase consistency and audit quality in the peer review administration process?*

We agree with the proposed model in terms of establishing benchmarks, having the AICPA perform the monitoring function, requiring results to be reported to various stakeholders and imposing repercussions for not meeting the benchmarks. Having the same benchmarks and entity performing the monitoring function across all AEs will strengthen the consistency and audit quality in the peer review administration process.

2. *What suggestions do you have to help mitigate familiarity threats to the process?*

We agree with the procedures recommended to reduce the familiarity threat, and strongly believe that redacting identifying information about the respective firm and/or peer reviewers from all documents presented to the RAB for each engagement will be most beneficial in achieving this objective.

3. *Are there proposals within this paper that are not feasible? If so, what suggestions do you have for otherwise meeting the objective of increasing consistency, efficiency and effectiveness of Program administration?*

We have concerns related to the requirement that an AE, such as Virginia whom administers peer reviews in more than one State, must employ a full-time CPA. While having a CPA on staff and performing the procedures as outlined in the revised discussion paper would be valuable, this individual would be removed from practice and, over time, would lose the practicality, experience and knowledge-driven benefit that it appears the AICPA is striving to accomplish. Furthermore, we have concerns related to who will then bear the cost of the CPA and will this cost be transferred to individuals or firms via an increase in its membership fees or the overall cost of a peer review, respectively.

4. *Considering the benchmark criteria presented, would any new criteria be unreasonable to implement by May 1, 2018?*

In our letter dated September 30, 2016, we indicated that it was our understanding that, per discussion with Stephanie Peters, President and CEO of the Virginia Society of Certified Public Accountants (VSCPA), the VSCPA has expressed that it may no longer be interested in continuing as Virginia's AE. At this time, the VSCPA has not yet reached a decision. Based on the results of the procedures we have performed, we would like the VSCPA to continue as our AE, but understand its concerns regarding the level of commitment, conflict of interest with its members given that the Program seems to have moved away from being educational and resources needed to be an AE of the future. We will continue to remain in contact with

the VSCPA to understand their ultimate position. In the event that the VSCPA ultimately decides not to continue as our AE, it may be unreasonable for the new entity to implement the criteria as proposed in the revised discussion paper by May 1, 2018. If the VSCPA continues as the AE, we do not believe any new criteria related to the proposed benchmarks would be unreasonable to implement by May 1, 2018.

5. *Are there additional benchmarks criteria that should be included?*

No, we do not believe there are additional benchmark criteria that should be included.

6. *Are there aspects discussed within the paper that need further clarification?*

The benchmarks identified in Exhibit 1 appear to be qualitative in nature and, as such, we would like to better understand how these benchmarks will be monitored to ensure consistency and fairness across all AEs.

Furthermore, in its revised discussion paper, the AICPA acknowledges that the proposed model will not be effective without external oversight such as that performed by the Peer Review Oversight Committee. We look forward to understanding the oversight benchmarks that are created with input from the AICPA, the National Association of State Boards of Accountancy (NASBA), NASBA's Compliance Assurance Committee and the Virginia Board of Accountancy. We take our oversight responsibilities very seriously, and are willing to assist the Board and the profession as a whole in any way possible.

We hope that the above responses are helpful in formulating your response to the AICPA. If you have any questions, please do not hesitate to let us know. We are happy to serve you in any way that we can!

Sincerely,

*Peer Review Oversight Committee*

Peer Review Oversight Committee

Credential	Process	Recommended study	Test Length	CPE Hours	Comments
Chartered Alternative Investment Analyst (CAIA)	Level I	200 hours (Average per CAIA website)	4 hours; 200 multiple choice	25	CBT
	Level II	200 hours (Average per CAIA website)	4 hours; 100 multiple choice; 3 sets of essay questions	25	CBT
	Level III	300 hours each level (per CFA website as reported by candidates) 4 years to complete all 3 levels	6 hours; 240 multiple choice	30	Paper
Chartered Financial Analyst (CFA)	Level I	Minimum 3 months per Institute of Financial Operations (accrediting organization)	6 hours; 120 items (20 vignettes with 6 items each)	30	Paper
	Level II		6 hours; 8-12 essay questions; 10 item sets	30	Paper
	Level III		3 hours; 200 multiple choice	20	CBT
Certified Accounts Payable Professional (CAPP)					
Certified Managerial Accountant (CMA)	Part 1: Financial Reporting, Planning, Performance, Control	150 hours (average per candidates)	4 hours; 100 multiple choice & 2 essay questions	20	CBT
	Part 2: Financial Decision Making	150 hours (average per candidates)	4 hours; 100 multiple choice & 2 essay questions	20	CBT
Retirement Income Certified Professional (RICP)	3 courses each followed by an exam	60-70 hours per American College (accrediting organization) staff	2 hours; 100 multiple choice (each exam)	20	CBT
Chartered Enterprise Risk Analyst (CERA)	5 exams 3 study units	3-4 years per Society of Actuaries website (accrediting organization)			All exams CBT
	Exam P Probability		3 hours	15	Knowledge of the fundamental probability tools for quantitatively assessing risk; application of these tools to problems encountered in actuarial science; thorough command of probability topics and the supporting calculus.
	Exam FM Financial Mathematics		3 hours	15	Understand/apply concepts of financial mathematics in calculating present and accumulated values for various streams of cash flows as a basis for future use in: reserving, valuation, pricing, asset/liability management, investment income, capital budgeting and valuing contingent cash flows; financial instruments, including derivatives, and the concept of no-arbitrage as it relates to financial mathematics.
	Exam MFE Models for Financial Economics		3 hours	15	Application of actuarial models to insurance and other financial risks; knowledge of calculus, probability and interest theory.

**VBOA**

CPE Credit for Certifications/Exams/Licensures

Credential	Process	Recommended study	Test Length	CPE Hours	Comments
	Exam C Construction and Evaluation of Actuarial Models		3 1/2 hours	15	Modeling and actuarial methods; thorough knowledge of calculus, probability and mathematical statistics.
	ERM Exam Enterprise Risk Management Exam		4 hours	15	Understand, identify, analyze, measure, manage and allocate risk using models and metrics
	Fundamentals of Actuarial Practice (FAP) E-Learning Course		8 modules of online study & two comprehensive written assessments		This course teaches candidates about the business environment and exposes them to real-world situations by using the Control Cycle as a practical problem-solving framework that applies to all aspects of actuarial work.
	Enterprise Risk Management Module		9 modules of online study & one comprehensive exam and comprehensive exercise		Provides an understanding of developing an ERM framework, identifying/defining operational risks, developing and analyzing economic capital models, and understanding various risk management approaches.
	Associateship Professionalism Course		1/2 day seminar (9am - 3pm)	15	Covers professionalism, ethics and legal liability and makes extensive use of the case study method
	VEE Economics (Validation by Education Experience)				The topic of Economics requires Validation by Education Experience.
	VEE Corporate Finance (Validation by Education Experience)				The topic of Corporate Finance requires Validation by Education Experience.
<b>Life &amp; Annuities &amp; Health Insurance Licensure</b>	Pass exam prior to licensure; no certification per se	25 - 35 hours based upon student comments	2.5 hours; 150 multiple choice (of which 10 are experimental)	10	CBT (Virginia requires separate licenses, the exams may be taken separately, i.e. Life & Annuities (120 minutes) and Health (120 minutes) are separate exams or can be taken as one exam Life & Annuities & Health (150 minutes) <i>See VA Insurance Licensing Candidate Handbook; https://www.asiavcs.com/publications/pdf/125300.pdf</i>
<b>Series 7 Exam</b>	Financial Industry Regulatory Authority, Inc. (FINRA); self-regulating body for the financial industry, responsible for setting regulations	60 - 100 hours per professional study guides (mean 80 hours)	6 hours; 250 multiple choice (and an additional 10 are experimental)	25	CBT
<b>Series 66 Exam</b>		40 - 80 hours per professional study guides (mean 60 hours)	2.5 hours; 100 multiple choice (and an additional 10 are experimental)	10	CBT

Credential	Process	Recommended study	Test Length	CPE Hours	Comments
Series 65 Exam	and standards for financial professionals	50 - 90 hours per professional study guides (mean 70 hours)	3 hours; 130 multiple choice	20	CBT
Series 6 Exam	Financial Industry Regulatory Authority, Inc. (FINRA): self-regulating body for the financial industry, responsible for setting regulations and standards for financial professionals	35 - 40 hours per professional study guides (mean 37.5 hours)	2.25 hours; 100 multiple choice (and an additional 5 are experimental)	10	CBT
Series 63 Exam		24 - 30 hours per professional study guides (mean 27 hours)	1.25 hours; 60 multiple choice (and an additional 5 are experimental)	7	CBT
<b>UNDER CONSIDERATION:</b>					
CFP Certified Financial Planner	Bachelor degree (any) Personal financial planning coursework (or "challenge status" 6,000 hours experience Ethics Declaration	CPA's qualify for "Challenge Status" exempting them from the majority of pre-test coursework. Recommended study time varies widely likely due to inclusion of pre-test coursework for most candidates. Minimum study time for any candidate would be in excess of 100 hours.	6 hours (two 3-hour sessions with 40 minute break); 170 multiple choice (stand-alone and scenario-based questions)	30	CBT
Certified Anti-Money Laundering Specialist (CAMS)	Exam candidates must have a minimum of 40 qualifying credits based on education, experience or other certifications. (For example, Masters Degree = 30 credits; CPA = 10 credits)	20 - 35 hours based upon student comments	3 1/2 hours; 120 multiple choice (most candidates report finishing considerably earlier than the allotted time)	10	CBT
ACAMS Advanced AML Audit Certification (CAMS-Audit)	CAM certification: Audit, AML experience or Audit certification	8-10 hours pre-class study 3 day live session	White paper required in lieu of exam.	10	CBT