



# VIRGINIA BOARD OF ACCOUNTANCY

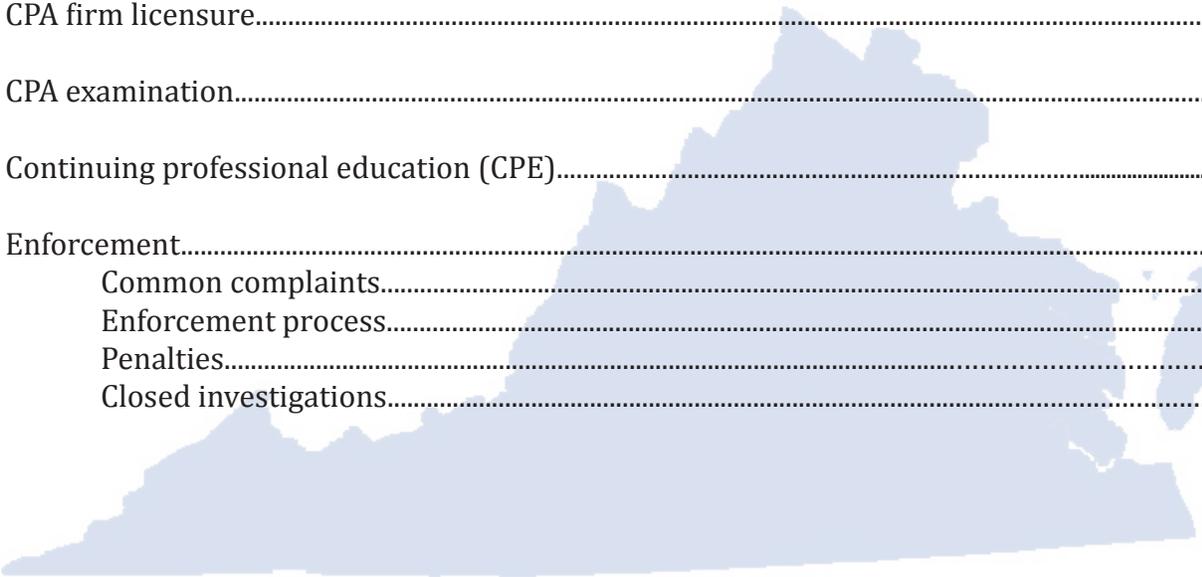
## Biennial Report FY 2017-2018

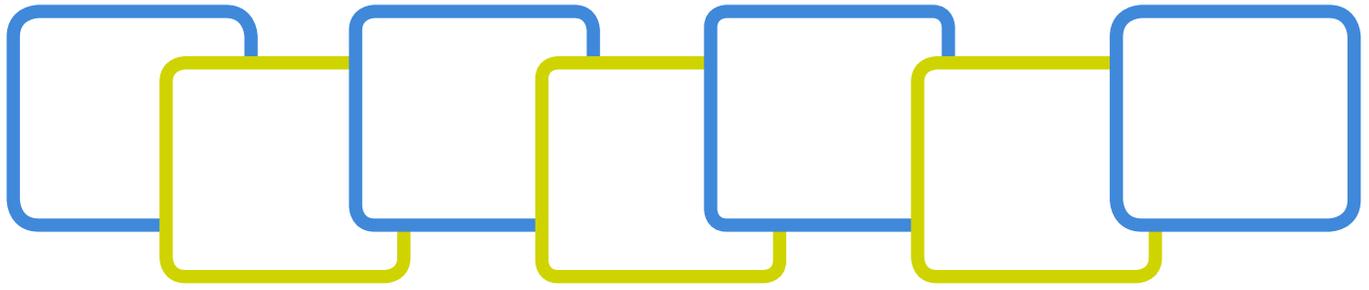


Our mission is to protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of CPAs and CPA firms.

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## MESSAGE FROM THE DEPUTY DIRECTOR FOR OPERATIONS

The Virginia Board of Accountancy is pleased to present its Biennial Report for the fiscal year ending June 30, 2018. The VBOA continues to be blessed with extremely dedicated, engaged and active Board members. Our involvement at the national level with the National Association of State Boards of Accountancy, or NASBA, helps to ensure that Virginia remains active in the subject matter that guides the accounting profession.

Wade Jewell, Executive Director of almost 10 years, retired in August 2018. I accepted the role of Acting Executive Director from August to October 12, 2018. The Board created a search committee to find Wade's replacement and Nancy Glynn, CPA, took over as Executive Director of the VBOA, effective October 15, 2018. During the transition, it was business as usual at the agency.

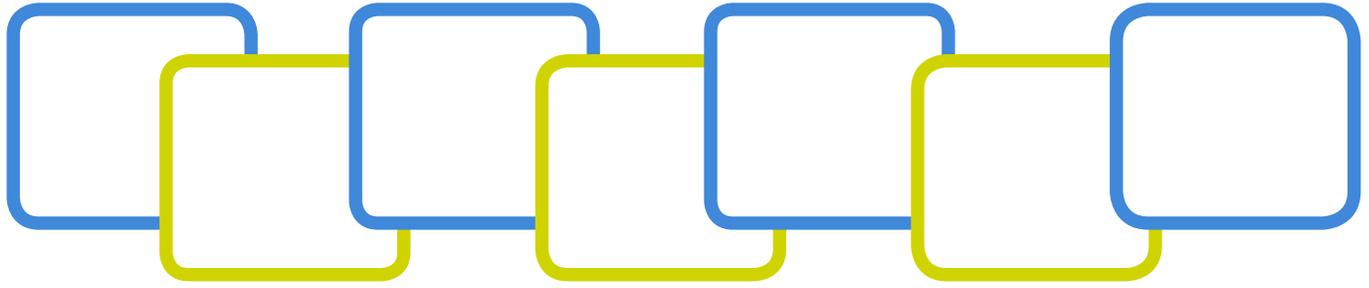


Mary T. Charity  
VBOA Deputy Director for Operations

In the VBOA office, we continue to work very hard on our new licensing and management information system. Our vendor has started demonstrating modules to staff and we are providing beneficial feedback so we are building a robust system together that will continue to evolve with the ever-changing world of technology.

The VBOA has begun moving to a single renewal date of June 30 each year for all CPA licensees and firms. All licensed Virginia CPAs must renew their individual and firm license annually. This is a goal the VBOA has been trying to fulfill for several years and finally reached the goal this year.

The VBOA will continue to provide outstanding customer service to Virginia's exam candidates, licensees and firms and enhance our operations and delivery of key services. We will continue to create new and innovative ways to communicate with our audience and maintain our mission to protect the citizens of the Commonwealth.



## ABOUT THE VBOA

The Virginia Board of Accountancy, established in 1910, regulates certified public accountants in Virginia through a program of examination, licensure (individuals and firms), consumer protection (enforcement), continuing professional education audits and peer review oversight.

Unlike most state agencies in Virginia, the VBOA is not funded by public tax dollars. The VBOA is a non-general fund agency whose revenues are wholly dependent upon the fees established for CPA exam candidates, applicants and licensees.

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

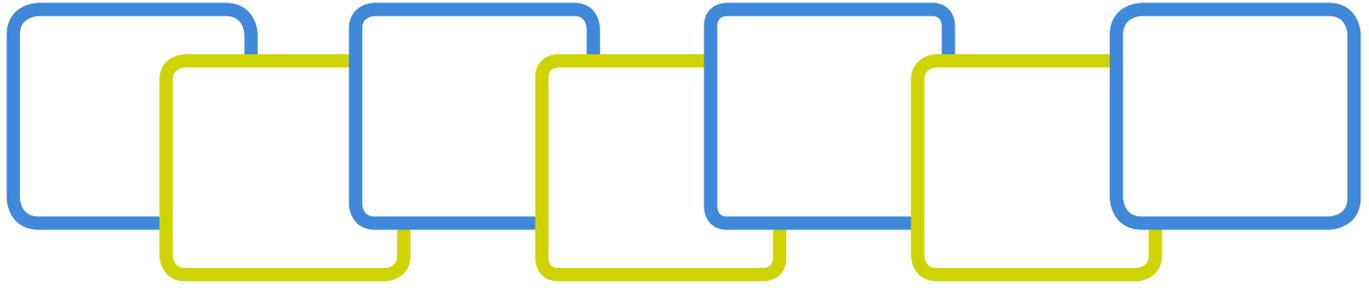
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### Mission and values

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

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

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



## VBOA STAFF

### **Nancy Glynn**

Executive Director

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### **Laurie Burton**

Investigator

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CPE Coordinator and Administrative Assistant

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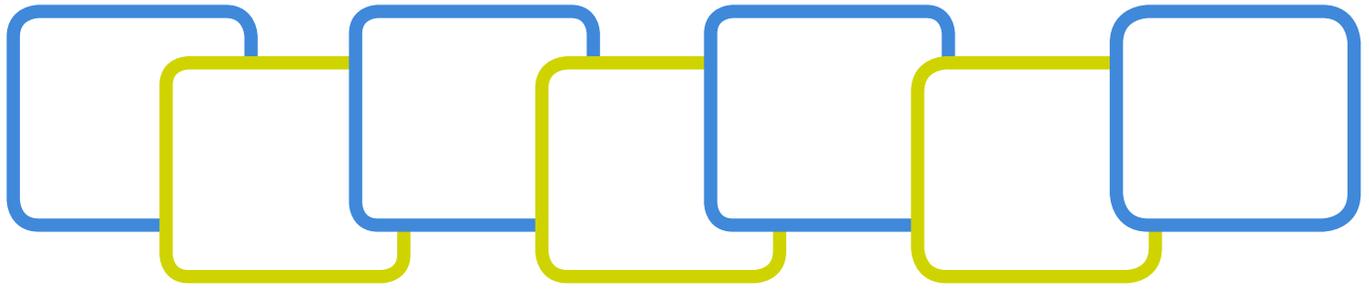
### **Nicholas R. Tazza**

Assistant Manager, Licensing and Examination

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## Contact the VBOA

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Fax (enforcement/complaints): (804) 527-4207  
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Website: [www.boa.virginia.gov](http://www.boa.virginia.gov)



## BOARD MEMBERS

The Board consists of seven members appointed by the Governor, including four members who hold Virginia licenses and have been engaged in providing services to the public for at least three years; one member who holds a Virginia license engaged in providing services to the public or to or on behalf of an employer in government or industry for at least three years; one educator in the field of accounting who holds a Virginia license; and one public member. Each member is appointed to serve a four-year term and may not serve for more than two consecutive terms.

**Susan Quaintance Ferguson, CPA**  
**Chair FY 2019**

Term: July 1, 2015-June 30, 2019  
Harrisonburg, Virginia

Susan Quaintance Ferguson, CPA, is the educator Board Member and a professor in the accounting department at James Madison University. Her previous experience includes working in public accounting for a national firm, for a local firm and as Principal at Susan Q. Ferguson, CPA.



**D. Brian Carson, CPA, CGMA**  
**Vice Chair FY 2019**

Term: July 1, 2015-June 30, 2019  
Virginia Beach, Virginia

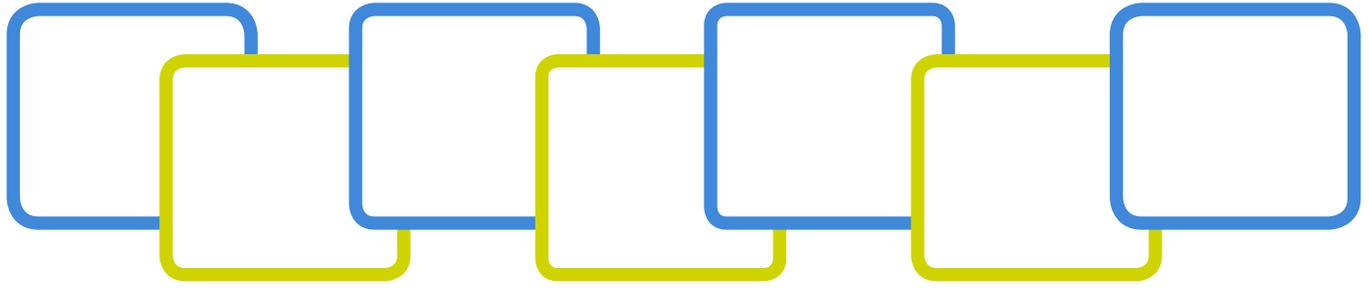
D. Brian Carson, CPA, CGMA, is the Chief Financial Officer for Gold Key/PHR Hotels & Resorts. Previously, he was a partner with Goodman and Company, now Dixon Hughes Goodman. As a CPA, he has more than 18 years of experience comprised of both public and private practice.

**Matthew Boshier**  
**Chair FY 2018**

Term: Aug. 29, 2014-June 30, 2020  
Richmond, Virginia

Matthew Boshier is the public Board Member and a partner with the law firm Hunton Andrews Kurth LLP. He concentrates on investigations and disputes relating to financial reporting and corporate governance matters. He represents public companies, executives, accounting firms and others.





## BOARD MEMBERS

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

Term: July 1, 2018-June 30, 2022  
Richmond, Virginia

W. Barclay Bradshaw, CPA, has 40 years of public accounting experience, with both national and local CPA firms. He currently serves as Principal with Harris, Hardy & Johnstone, P.C. Throughout his career, he's had major audit and tax responsibilities in real estate and not-for-profit client practices.



### **William R. Brown, CPA**

Term: July 1, 2017-June 30, 2021  
Providence Forge, Virginia

William R. "Bill" Brown, CPA, is the CEO of W.R. Brown & Co., which he established in 1981. He has 14 years of experience as an arbitrator, six years as a mediator and licensed as a CPA in Virginia and New York. Previously, he was a Managing Partner of Stewart, Benjamin & Brown, P.C.



### **Stephanie S. Saunders, CPA**

Term: July 1, 2012- June 30, 2020  
Virginia Beach, Virginia

Stephanie S. Saunders, CPA, is a partner and shareholder with Saunders & Saunders, PC. She is the current NASBA Middle Atlantic Regional Director and has been since 2015. She is also the committee chair of the NASBA Relations with Member Boards.

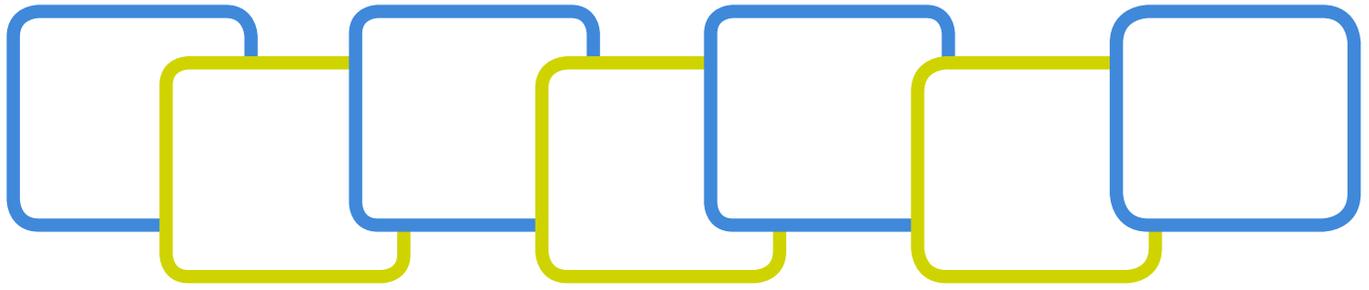


### **Laurie A. Warwick, CPA**

Term: July 1, 2016-June 30, 2020  
Ashburn, Virginia

Laurie A. Warwick, CPA, is an executive director at Ernst & Young in the firm's McLean, Va., office, where she's worked since 2002. She serves a broad base of industries, inclusive of private equity, healthcare, professional services and emerging companies. Previously, she was an audit manager at Arthur Andersen.





## **PARTNER ORGANIZATIONS**

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

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

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Founded in 1887, the AICPA represents the CPA profession nationally regarding rule-making and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations. The AICPA develops standards for audits of private companies and other services by CPAs; provides educational guidance materials to its members; develops and grades the Uniform CPA Examination; and monitors and enforces compliance with the profession's technical and ethical standards. The AICPA is the world's largest member association representing the accounting profession with more than 431,000 members in 137 countries and territories, representing many areas of practice, including business and industry, public practice, government, education and consulting. To learn more, visit [www.aicpa.org](http://www.aicpa.org).

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

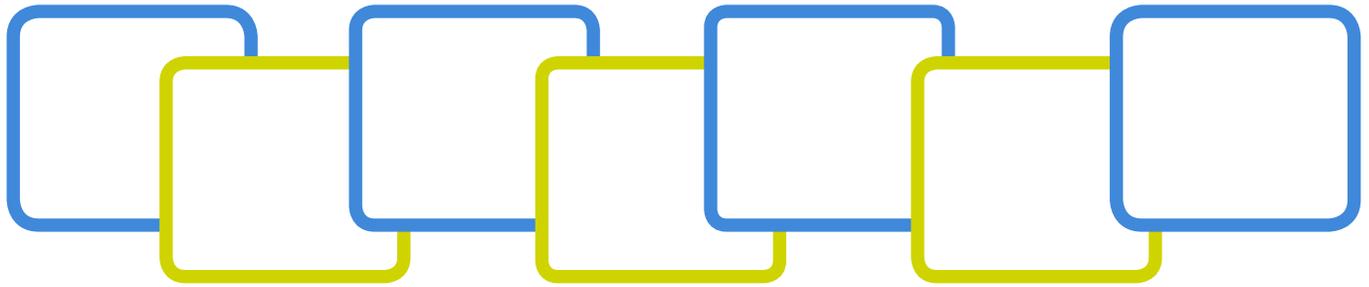
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Founded in 1908, NASBA has served as an association dedicated to enhancing the effectiveness of the country's 55 boards of accountancy. As a driving force within the accounting profession, NASBA accomplishes its mission by creating a forum for accounting regulators and practitioners to address issues relevant to the viability of the accounting profession. NASBA takes pride in offering its member boards a rich portfolio of products and services, all designed to effectively aid boards in their goal to protect the public. The mission of NASBA is to enhance the effectiveness and advance the common interests of the Boards of Accountancy. To learn more, visit [www.nasba.org](http://www.nasba.org).

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

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Founded in 1909, the VSCPA has a membership of 13,000 accounting professionals across Virginia who actively work in public accounting, private industry, government agencies or at educational institutions. The VSCPA is the leading professional association dedicated to enhancing the success of all CPAs and their profession by communicating information, promoting professionalism and advocating members' interests. The VSCPA serves as the profession's voice at the state and national level, promoting the CPA credential while protecting the public. In addition to keeping members informed of regulatory and legislative issues, the VSCPA offers continuing professional education, leadership development, volunteer opportunities and career resources. To learn more, visit [www.vscpa.com](http://www.vscpa.com).



## SIGNIFICANT ACCOMPLISHMENTS

The VBOA launched several initiatives and updated statutes on behalf of the accounting community in Virginia. Listed below are some of the agency's significant accomplishments and changes in fiscal years 2017 and 2018.

### **Change to single renewal date for licensees and firms**

The VBOA moved to a single renewal date of June 30 each year for all CPA individual licensees and firms. Effective with legislation approved on February 26, 2018, all CPA licenses renewed, issued or reinstated will have an expiration date of June 30. All licensed Virginia CPAs and firms must renew their license annually.



An individual or firm license can be renewed within 90 days of expiration and beginning calendar year 2020, the VBOA plans to open the renewal period up to within 120 days of expiration. The renewal fee remains at \$60 for individuals and \$75 for firms.

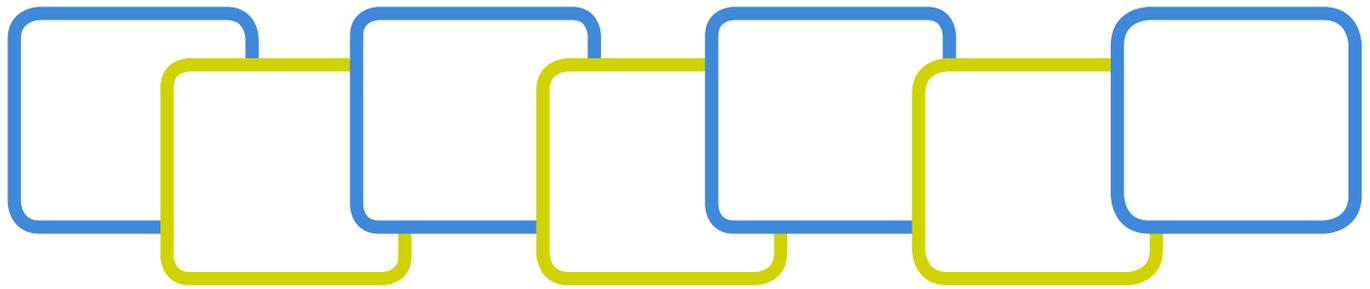
However, for individuals and firms with CPA licenses expiring July 2018 through March 2019, the renewal fee is prorated. Upon renewal and moving forward, all expiration dates will be June 30 moving forward.

It has always been important for CPAs to keep their license up-to-date, which includes renewing the CPA license on time. However, it became even more pertinent to stay on top of the annual renewal with the change that occurred to Code of Virginia [§ 54.1-4413.2](#) referencing the renewal and reinstatement of licenses.

Before the single renewal date went into effect, the additional 12-month period for renewals was eliminated on July 1, 2017. If an individual or firm does not renew the license on time it will automatically go into Expired status. Once the license goes into Expired status, it will be the responsibility of the individual or of the firm to reinstate the license. There is a \$350 reinstatement fee for individuals and a \$500 reinstatement fee for firms. This statute change also eliminated the Active Renewal Fee Delinquent status.

During the time a license is Expired, individuals and firms may not use the CPA title or practice public accounting until reinstatement of the CPA license is granted.

The VBOA sends out two reminder notices by mail and email during the month of expiration. If necessary, a phone call as a third notice is delivered the last week of each month to those who have not renewed. It is the responsibility of the individual or the firm to renew their license, if they so choose, regardless if they receive a reminder notice for renewal from the VBOA.



## SIGNIFICANT ACCOMPLISHMENTS

### Licensing database system in development

The VBOA is developing a new online licensing and management system for CPA exam candidates, licensees and the public. After competitive bidding with a RFP, the VBOA awarded a contract to MicroPact, a Herndon, Va.-based company, to produce the new database system.

Individuals and firms will be able to apply for and renew licenses, submit payments and upload supporting documents using this new secure Web portal. The public can also research licensees, submit inquiries and file complaints.

The new system will replace the VBOA's existing system, which was installed in 2009, with a single, integrated solution, as well as automate and streamline existing internal processes.

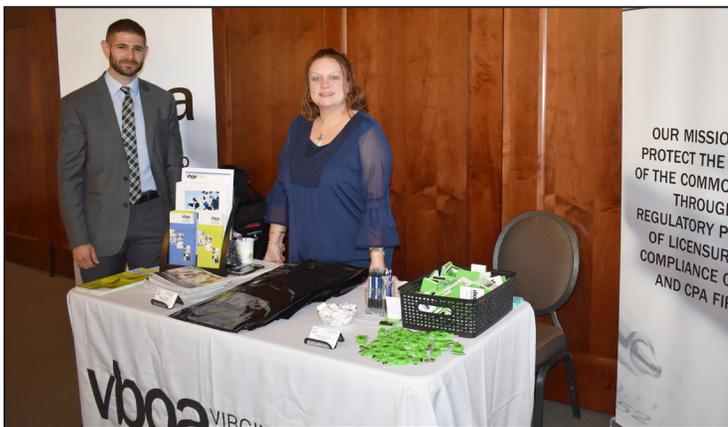
The user-friendly experience will encourage customer self-service and establish more robust communication capabilities, internal training options and mobile-friendly applications to name just a few. The system will allow VBOA staff to have more reporting capabilities including static reports, user customized reports and the ability to run user defined queries.

The database is in development and scheduled to launch in summer 2019.

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### Student connections

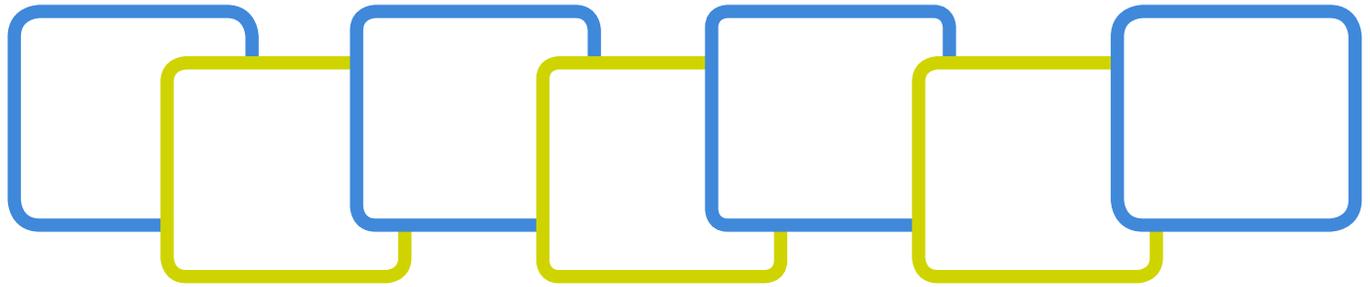
The VBOA spent the last two fiscal years connecting and engaging even more with Virginia college students. The VBOA traveled across the Commonwealth getting one-on-one time with the future of the accounting profession at career fairs, meet the firm nights, honor society speaker series and an accounting symposium. The Deputy Director for Operations, Mary Charity, and the Assistant Manager for Licensing and Examination, Nicholas Tazza, represented the VBOA at these events.



Tazza and Charity participate in the Radford University Meet the Firms night for the third year in a row.



Tazza speaks to a James Madison University student during the 2017 Accounting Externship Fair.



## SIGNIFICANT ACCOMPLISHMENTS

### **VBOA increases electronic communications**

Starting in spring 2017 and moving forward, the VBOA has increased electronic communications to get vital information out quickly to our licensees, firms and exam candidates. Mass emails are sent out to include information regarding statute changes, CPE reminders and requirements, and renewal information.

Email is the primary communication tool the VBOA uses to send annual electronic reminders to licensees regarding license renewal. In accordance with VBOA regulation [18VAC5-22-170\(C\)](#), the VBOA transmits license renewal notices electronically unless a licensee is unable to communicate electronically.

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### **Board members continue active involvement at national level**

The VBOA continues to remain active supporting the accounting profession on the national level. Current and previous Board members serve on committees with the National Association of State Boards of Accountancy, on top of their full-time jobs and existing commitments to the Virginia Board. Current Board member Stephanie S. Saunders, CPA, has held the NASBA Middle Atlantic Regional Director role since 2015. Previous Virginia Board members Tyrone Dickerson, CPA, serves as a NASBA Director-at-Large and Marc Moyers, CPA, serves on the NASBA Nominating Committee.

Board members are also members of the following NASBA committees for the 2017-18 year.

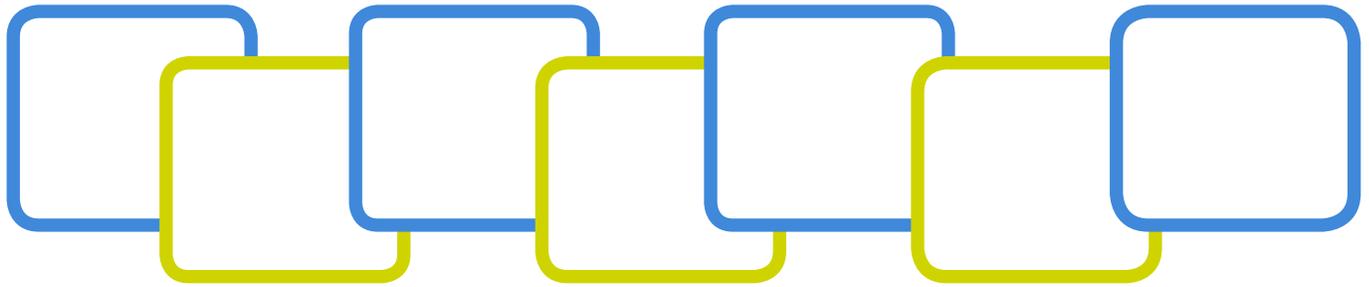
- Audit Committee – Laurie A. Warwick, CPA, current Board member
- Communications Committee – D. Brian Carson, CPA, CGMA, current Board Vice Chair
- CPE Committee – Tyrone E. Dickerson, CPA, Chair, previous Board member
- Education Committee – Susan Quaintance Ferguson, CPA, current Board Chair
- Relations with Member Boards Committee – Stephanie S. Saunders, CPA, Chair, current Board member
- Standard-Setting Advisory Committee – Matthew P. Boshier, current Board member
- Uniform Accountancy Act Committee – Marc Moyers, CPA, previous Board member, and Stephanie S. Saunders, CPA, current Board member

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### **Peer Review updates for CPA firms**

As the result of legislation passed during the 2017 Virginia General Assembly Session, effective July 1, 2017, the requirement to enroll in a practice-monitoring program is no longer tied directly to firm licensure for Virginia CPA firms.

Instead, whether a Virginia CPA firm is required to enroll in a practice monitoring program will be aligned to the enrollment requirement outlined in the American Institute of Certified Public Accountants' Peer Review Program Standards.



## SIGNIFICANT ACCOMPLISHMENTS

Firms gaining licensure after July 1, 2017, that provide attest and compilation services must first enroll in Peer Review. If a firm does not perform services that include issuing reports purporting to be in accordance with AICPA professional standards, it is not required to enroll in a practice-monitoring program.

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### **Experience verification updates for initial CPA licensure**

Due to a statutory change beginning July 1, 2017, all Experience Verification Forms must be signed and verified by an active, licensed CPA, from any jurisdiction, to meet the experience requirements for individual CPA licensure. The experience requirement includes being employed in academia, a firm, government, or industry involving the substantial use of accounting, financial, tax, or other skills that are relevant, as determined by the VBOA.

The CPA exam applicant must complete at least 2,080 work hours, or equivalent to one year of full time employment. During the licensure application process, applicants will be required to complete an Experience Verification Form to verify experience qualifications.

Also as of July 1, 2017, the CPA no longer needs to be a direct supervisor of the applicant. This is a change from previous submissions when a supervisor, who may or may not have been a CPA, would attest to the applicants work experience.

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### **Videos continue to provide valuable information to accounting community**

The VBOA continues to create engaging and informative videos for licensees, firms, exam candidates and the public. Based on the latest research, people are more likely to retain valuable information when the information is presented in shorter formats.

Our videos, about 2-minutes in length, focus on different topics from license renewal and reinstatement, applying for an initial license, CPA exam requirements, CPE compliance, Active – CPE Exempt status to an introduction to the VBOA services.

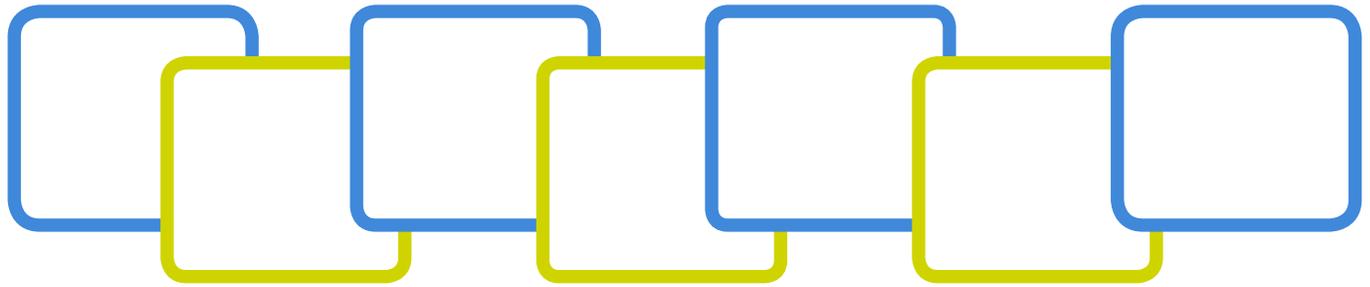


The videos are continually added to our website at [www.boa.virginia.gov](http://www.boa.virginia.gov) once they are completed, as well as posted on the [VBOA YouTube channel](#) and shared through the agency's [Twitter](#) and [Facebook](#) accounts.

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### **VBOA newsletter: Accrued Interest**

The VBOA creates and produces the biannual newsletter, Accrued Interest, filled with articles, updates and news relevant to the Virginia CPA and exam candidate community.

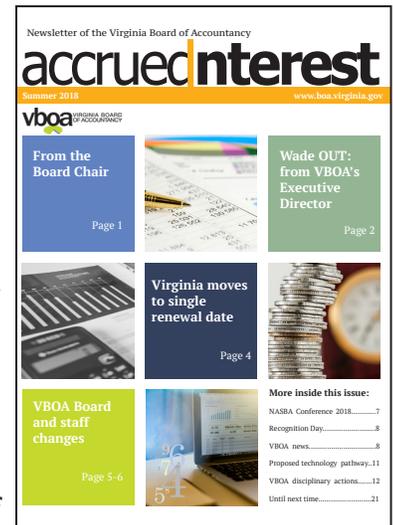


## SIGNIFICANT ACCOMPLISHMENTS

Each January and July, the newsletter is emailed out to our licensee and exam candidate community, as well as accounting educators in Virginia colleges and universities. Past newsletters can be found on the VBOA website and shared through the agency social media channels. In 2018, the newsletter design was updated to give it a fresh look.

Big news happenings reported over the last two years included changing to a single renewal date for licensees and firms, CPE compliance statistics, CPA exam experience verification updates, launch of a new CPA exam in 2017 and listings of the latest VBOA disciplinary actions. Each issue also includes easily accessible links to Virginia statutes, agency website and a comprehensive listing of all newly licensed Virginia CPAs.

Accrued Interest continues to be one of the VBOA's main sources of communication to our community.



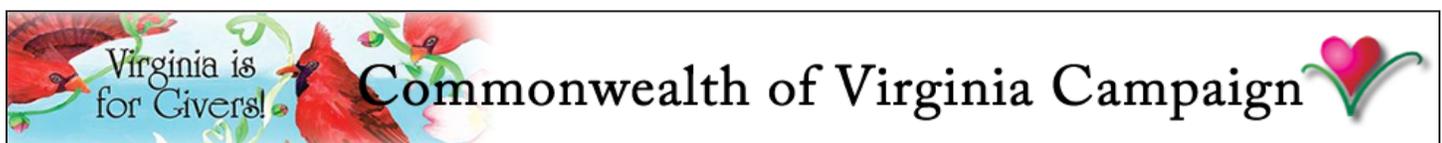
### Commonwealth of Virginia Campaign donations

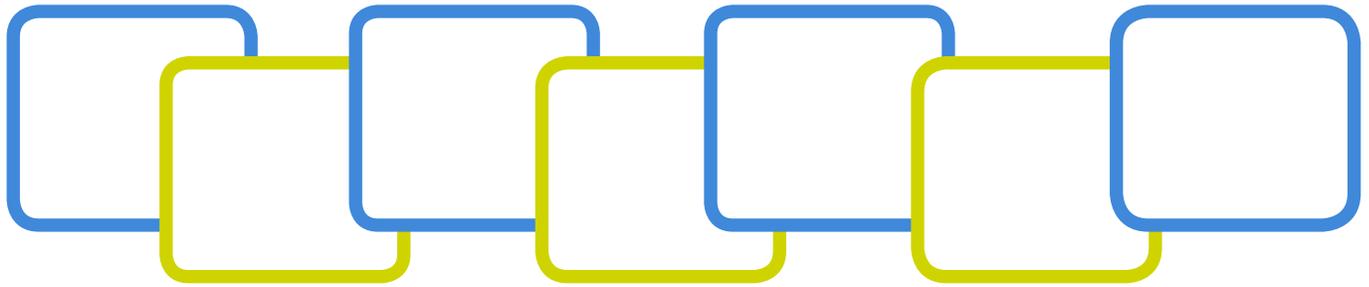
The VBOA continued to donate to the Commonwealth of Virginia Campaign in a variety of ways throughout 2017 and 2018. The VBOA donated backpacks and school supplies the last two summers to school-aged children at St. Joseph's Villa.

The supplies will go towards helping more than 3,000 children and families at St. Joseph's Villa, a non-profit organization that creates brighter futures for children of all socioeconomic backgrounds faced with developmental disabilities, diverse learning styles, mental health issues, homelessness and other challenges.

The VBOA also adopts "angels" and "silver bells" during the holidays through the Salvation Army Angel Tree program. We have adopted children and elderly members of the community and donated essential items and gifts they have requested for the holidays.

All donations and purchases have gone toward the VBOA's CVC yearly donations. The VBOA will continue to give back to the campaign throughout the year through efforts such as St. Joseph's Villa and the Angel Tree.





## SIGNIFICANT ACCOMPLISHMENTS

### Online customer service satisfaction survey

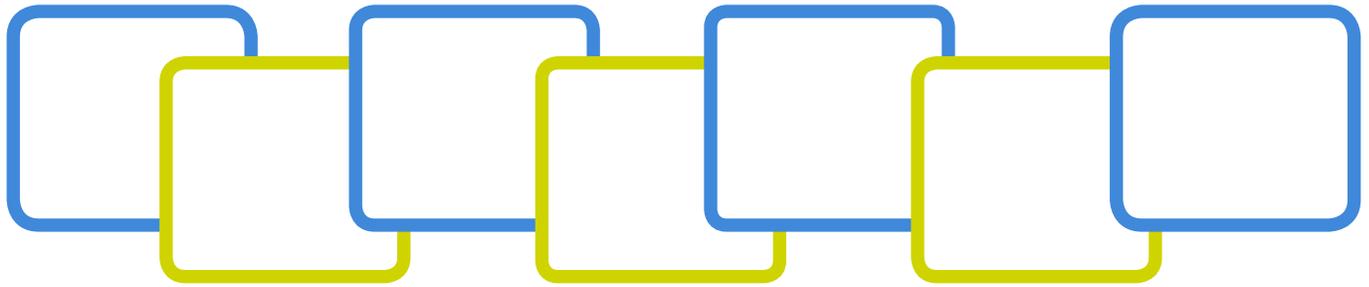
The VBOA continues to survey a population of our licensees annually to measure the agency customer service. Each summer we send an online satisfaction survey to a certain pool of licensees based on their date of licensure. This ensures the same licensees do not receive the same survey year after year.

In 2017, we surveyed licensees from July 1, 2016, to June 30, 2017, and then those who received their license between July 1, 1970, and June 30, 1985. The survey was sent to more than 6,600 licensees and received 469 responses. The responses received gave the VBOA a 93% overall satisfied rating.

In 2018, we surveyed our newest licensees from July 1, 2017, to June 30, 2018, and then those who received their license between July 1, 1985, and June 30, 1999. We sent out the online survey to more than 7,300 Virginia CPAs and received 454 responses. The responses garnered a 90% overall satisfied rating.

The annual online survey confirms VBOA's commitment to provide excellent customer service to the accounting community in Virginia. Since 2013, the VBOA has garnered a 90% or higher rating each year of satisfied customer service.





## AUDIT REPORT SUMMARIES

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

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

### **FY16 – FY17 Financial statements**

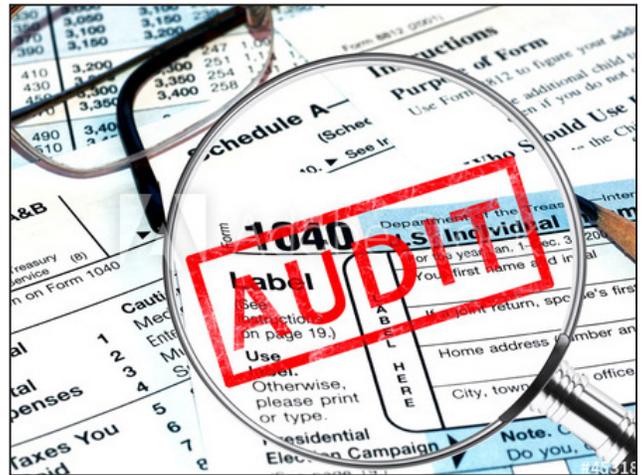
The APA Audit Reports on the VBOA's financial statements, dated May 16, 2017, and May 8, 2018 respectively, state, "In our opinion, the financial statements...present fairly, in all material respects, the financial position of the governmental activities and each major fund of the VBOA as of June 30, 2016, and 2017, respectfully, and the respective changes in financial position and the respective budgetary comparison for the operating fund thereof for the years ended in accordance with accounting principles generally accepted in the United States of America."

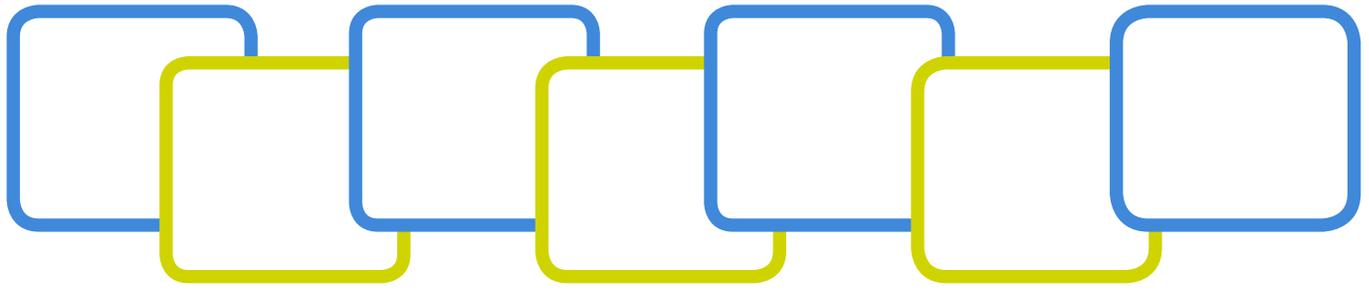
### **FY16 – FY17 Internal control over financial reporting and on compliance and other matters**

The APA Audit Reports on the internal control over financial reporting and on compliance and other matters, dated May 16, 2017, and May 8, 2018, respectively, did not identify any deficiencies in internal control over financial reporting that were considered to be material weaknesses and disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **FY16 – FY17 Commonwealth of Virginia Information Security Report**

This report is prepared by the chief information officer (CIO) of the Commonwealth to the Governor and the General Assembly. As directed by Code of Virginia § 2.2-2009, the CIO is required to identify annually those agencies that have not implemented acceptable policies, procedures and standards to control unauthorized uses, intrusions or other security threats. The Commonwealth's current risk posture is calculated based on results against target metrics. This report listed the Board of Accountancy's overall information security program in compliance for 2016 and 2017.





## FINANCIAL SUMMARY

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

The VBOA is a non-general fund agency whose revenues are wholly dependent upon the fees established for CPA exam candidates, applicants and licensees.

Ensuring the fiscal integrity of the VBOA's operations is an essential protection function.

The VBOA has a responsibility to ensure that the fee structure generates sufficient revenues to cover the VBOA's ongoing operating expenses, to sustain growth, and to ensure that the VBOA's Trust Account balance is sufficient to protect its purpose.

The Operating Fund is the primary operating fund for the VBOA. It is the policy of the VBOA to maintain funds equal to three months of its operating budget in the Operating Fund. Funds exceeding this amount are transferred to the Trust Account on at least a quarterly basis.

During FY17 and FY18, the VBOA transferred \$840,930 and \$298,800 from the Operating Fund into the Trust Account.

The purpose of the Trust Account is to provide a supplemental source of funds to the VBOA on a timely basis for:

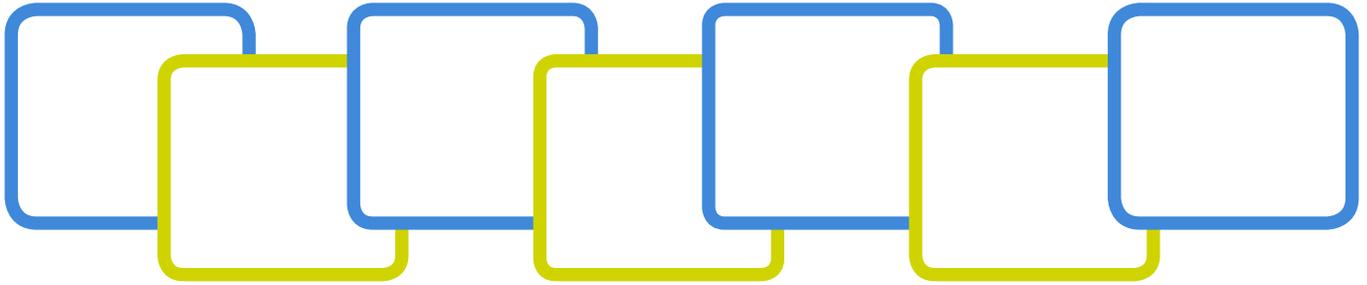
- Its use in the study, research, investigation or adjudication of matters involving possible violations of the provisions of this chapter or regulations promulgated by the VBOA.
- Any other purpose that the VBOA determines as appropriate to its statutory purposes and cannot otherwise be funded through the Operating Fund.

The VBOA annually evaluates the balance in the Trust Account to determine if a fee adjustment is necessary.

The VBOA initiated a regulatory change to increase fees that went into effect on January 1, 2013. No other fee increase for licensees and firms have occurred since then.

The on-going expenditures have increased primarily in the areas of personal services, information technology, legal services and fiscal services.

The VBOA is planning on significant costs beginning in FY 2018 through FY 2020 related to the purchase of a new licensing database system. The Trust Account cash balance will be utilized to support the new licensing database system implementation expenditures.

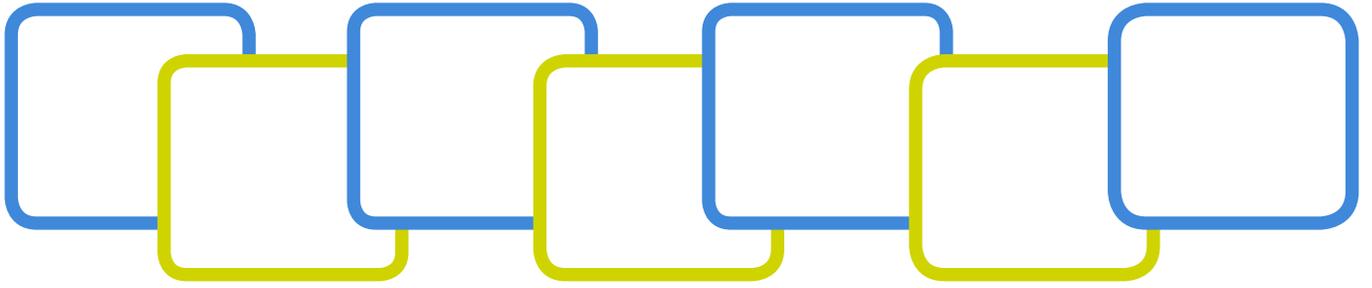


## FINANCIAL SUMMARY

### Financial Summary (Cash Basis)

	<u>FY ended June 30, 2017</u>	<u>FY ended June 30, 2018</u>
Revenues:	\$2,639,583	\$2,377,557
Expenditures:	(\$1,727,506)	(\$2,271,239)
Cash transfers out: *	(\$38,782)	(\$10,155)
(Deficit)/Surplus:	<u>\$873,295</u>	<u>\$96,163</u>
 Appropriation:	 <u>\$2,414,828</u>	 <u>\$2,417,446</u>
Cash Balances:		
Operating Fund:	\$530,650	\$608,658
Trust Account:	\$3,677,602	\$3,686,207
Total cash available:	<u>\$4,208,252</u>	<u>\$4,294,865</u>

\* Transfers required by the respective Appropriations Act.



# VBOA STATISTICS

as of June 30, 2018



**1,177**  
licensed CPA firms



**8,330**  
out-of-state licensees



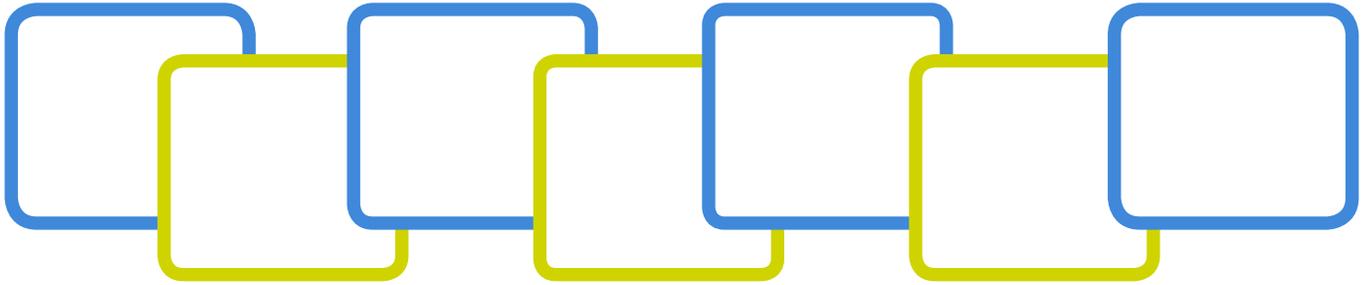
**27,903**  
licensed CPAs



**1,675**  
first-time exam  
candidates in FY18



**2,402**  
CPE audits  
selected in FY18



## CPA LICENSURE

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

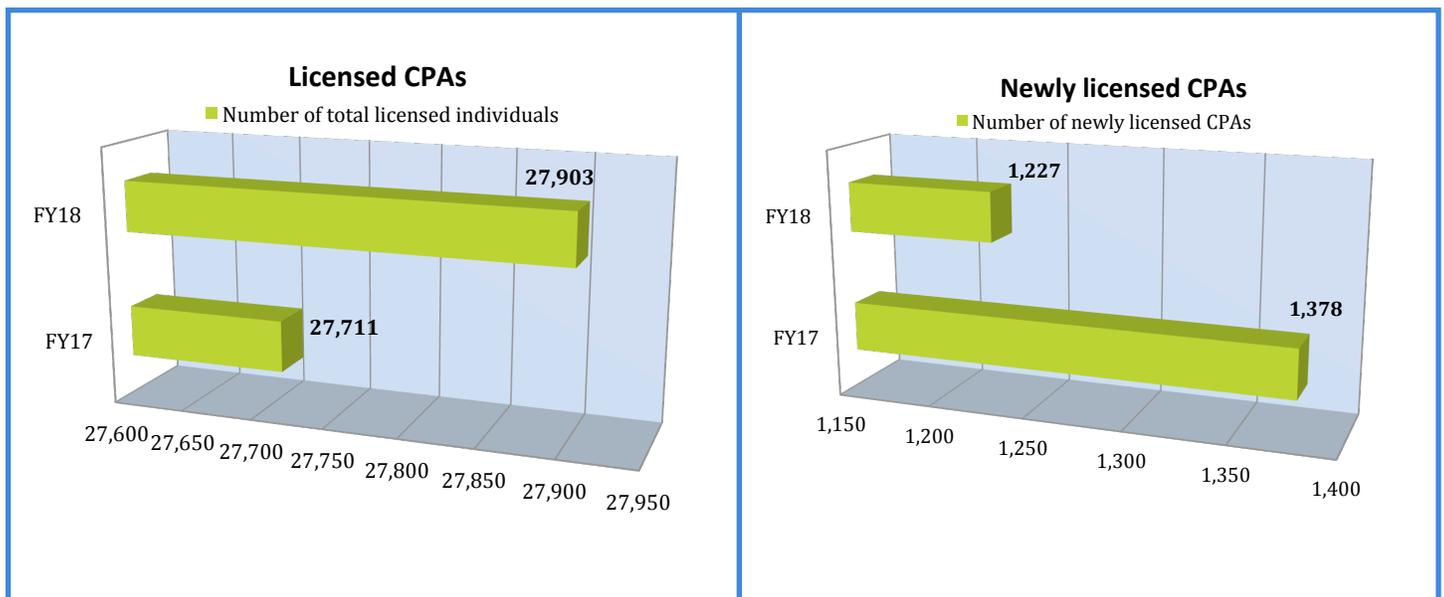
- Education
- Exam
- Experience

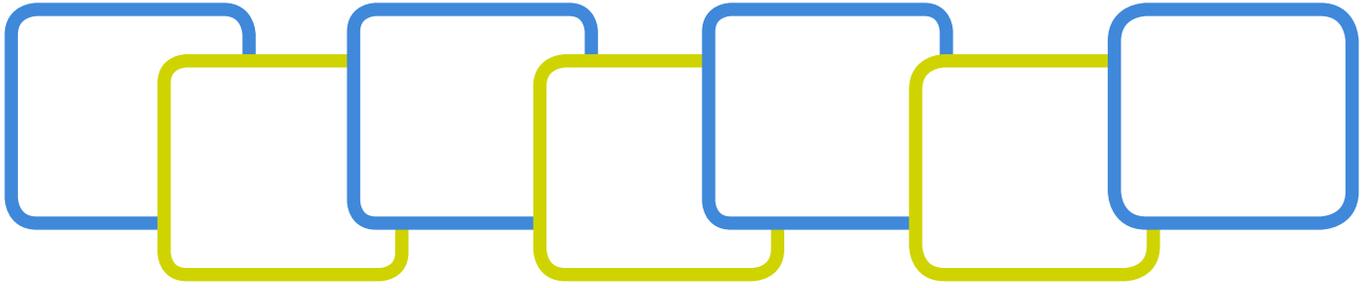


CPA licensure in Virginia requires at least 150 semester hours of education, a baccalaureate or higher degree, and an accounting concentration or equivalent. For experience, the applicant must complete at least 2,080 work hours, or equivalent to one year of full-time employment, in academia, a firm, government, or industry involving the substantial use of accounting, financial, tax, or other skills that are relevant, as determined by the VBOA.

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

The following charts demonstrate the total number of actively licensed CPAs in Virginia the past two fiscal years, as well as the number of new CPA licenses issued in the past two fiscal years.



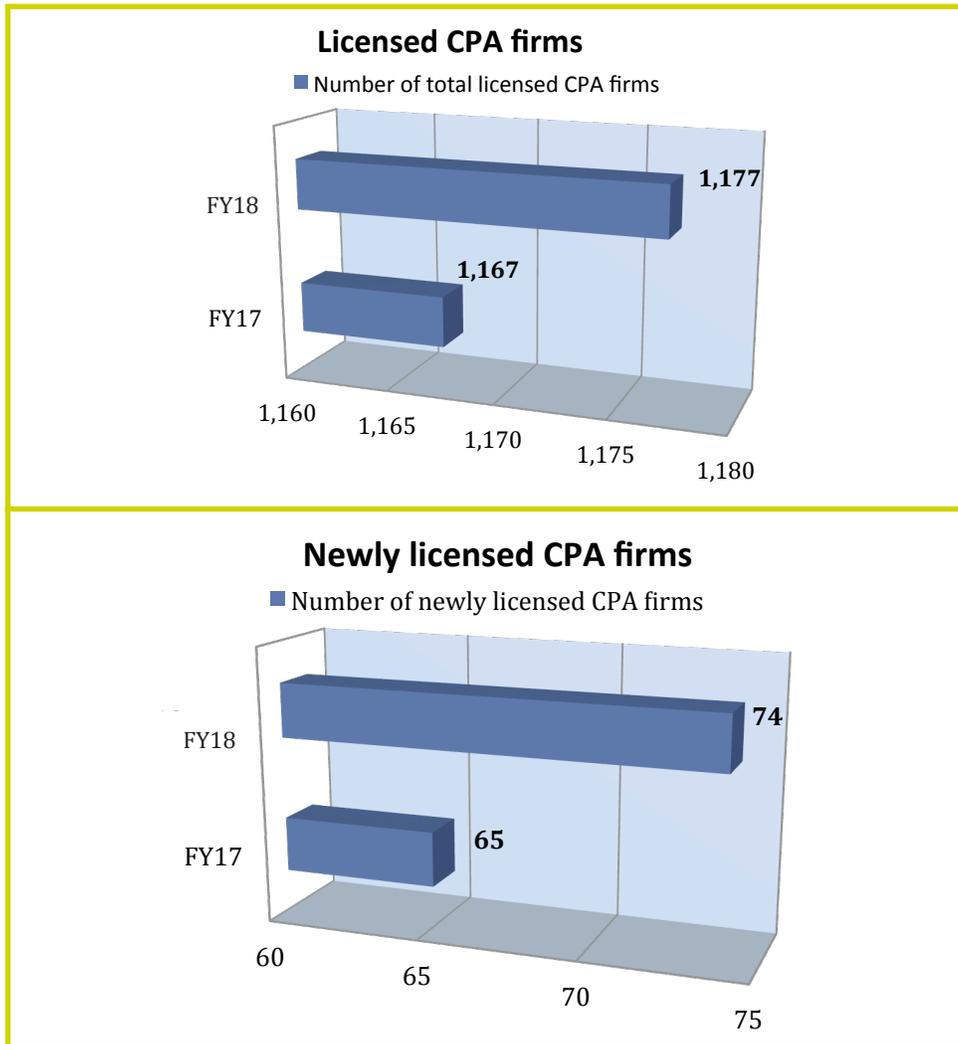


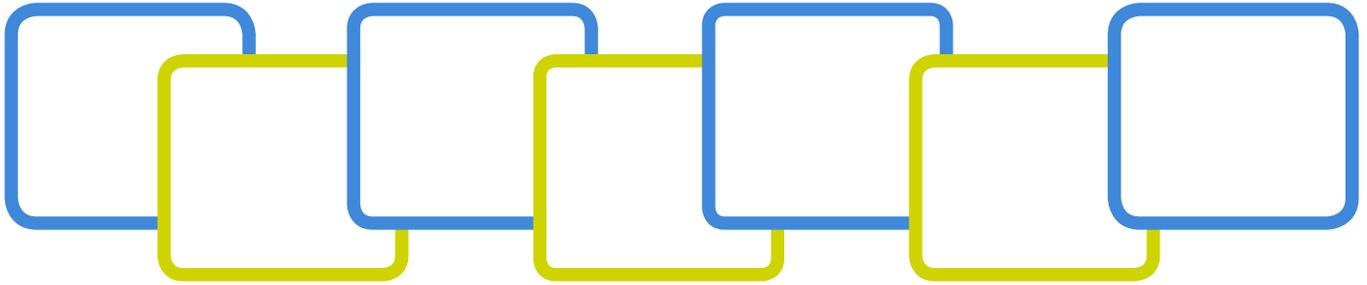
## CPA FIRM LICENSURE

In accordance with Code of Virginia [§ 54.1-4412.1](#), any firm with a principal place of business in Virginia that provides attest services, compilation services or financial statement preparation services to persons or entities located in Virginia must hold a Virginia firm CPA license.



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





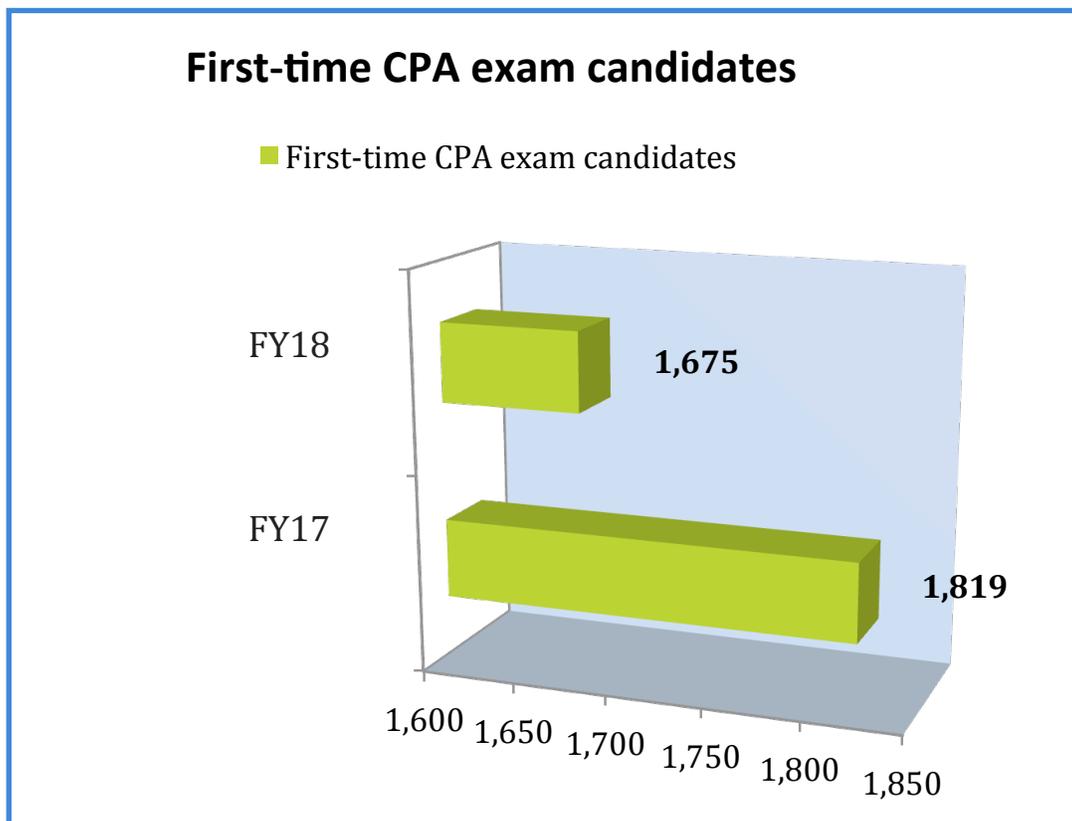
## CPA EXAMINATION

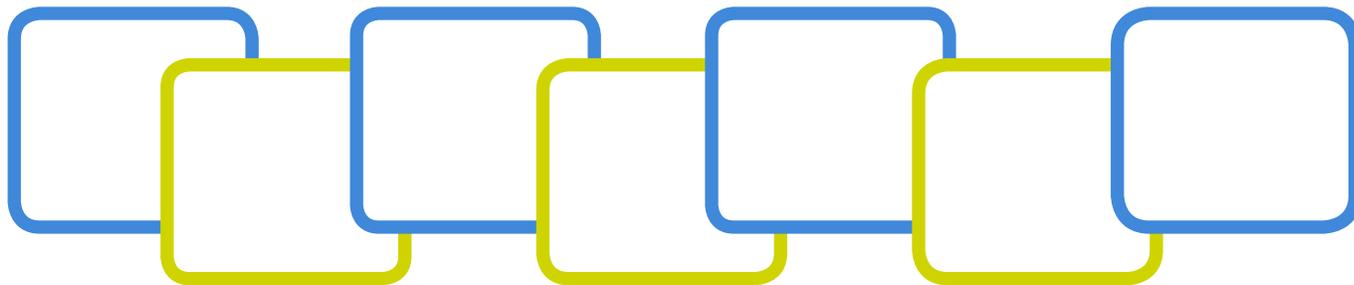
Individuals must fulfill the following requirements in order to be eligible to sit for the Virginia CPA exam:

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



The chart shows the number of first time applicants who took the CPA exam in the past two fiscal years.





## CONTINUING PROFESSIONAL EDUCATION (CPE)

In accordance with Code of Virginia [§ 54.1-4409.2](#) and VBOA regulations [18VAC5-22-90](#) and [18VAC5-22-140](#), an individual who applies for an initial license, holds a Virginia individual CPA license, or applies to have their license reinstated is required to obtain continuing professional education.



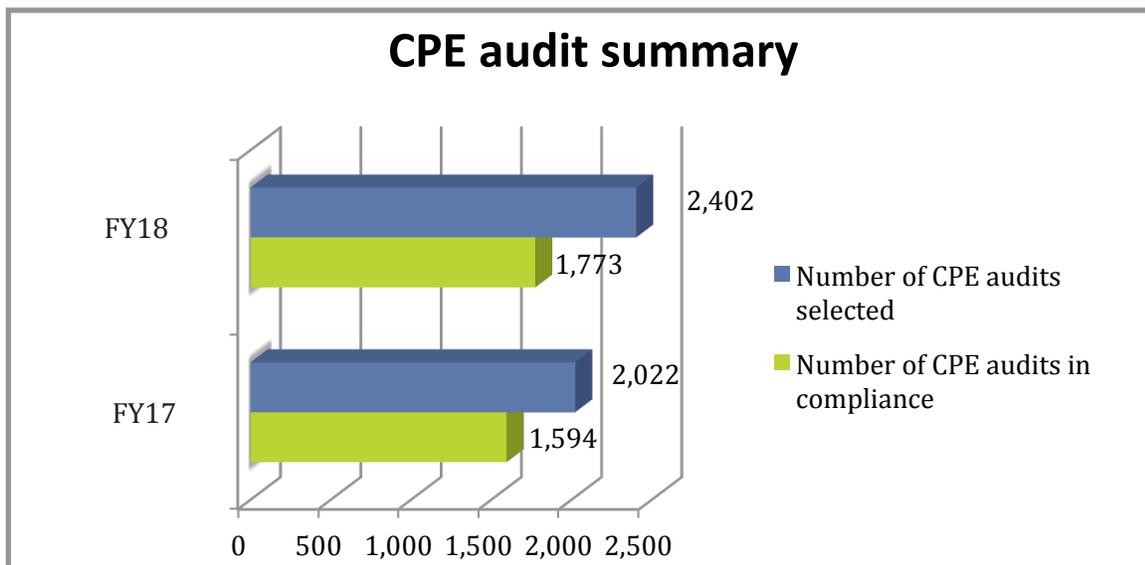
On a monthly basis, the VBOA randomly selects a percentage of active licensee population for a CPE audit. The VBOA notifies selected licensees and they are required to visit the National Association of State Boards of Accountancy-sponsored CPE Tracking System to complete the CPE audit process.

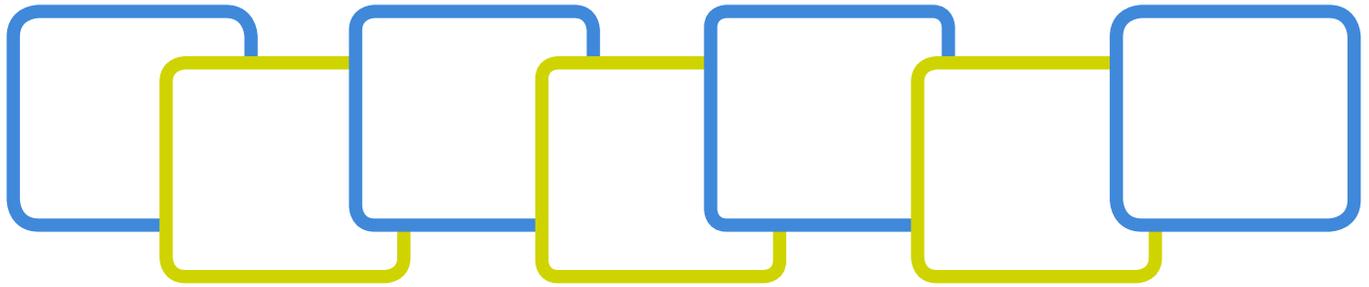
In addition to the random selection process, licensed CPAs will be selected for an audit as a component of any open investigation, enforcement case or in situations where the VBOA believes that a CPE audit is warranted.

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

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 four calendar-years preceding the current calendar-year.

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





## ENFORCEMENT

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

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

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

The Enforcement Division will:

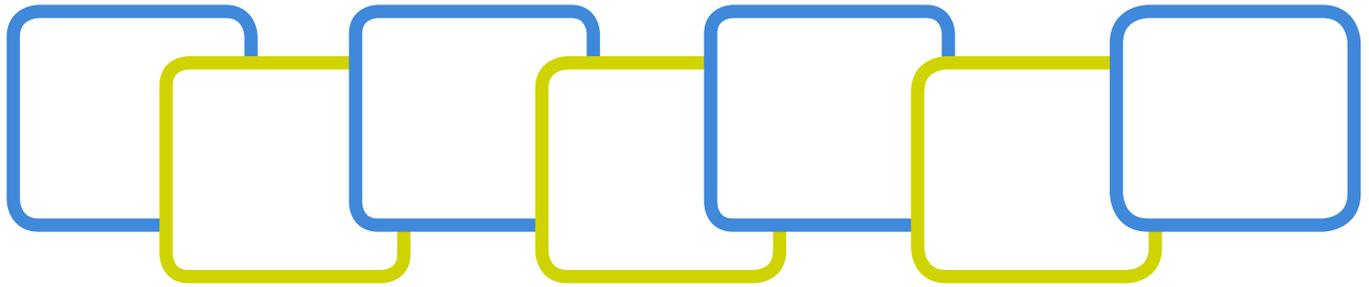
- Investigate complaints against licensees and unlicensed individuals or entities that are within the jurisdiction of the VBOA
- Coordinate investigations of matters with other agencies that involve significant loss or harm to Virginia citizens
- Increase adherence to licensing requirements and professional standards by licensed CPAs and licensed firms
- Resolve VBOA enforcement matters and adjudicate complaint cases in a timely manner
- Maintain the confidentiality of information obtained during investigations
- Monitor licensees disciplined by the VBOA
- Publicize disciplinary actions necessary to protect the public



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## Common complaints

Generally, the VBOA receives between 80 and 100 complaints a year. Complaints may originate from the public, another CPA, a current or former client, a state or federal agency and/or other sources. The VBOA itself may initiate a complaint. In addition to complaints received and initiated by the VBOA, random CPE audits are conducted on selected licensees. As a result of a CPE audit, the VBOA may find that a licensee has violated the CPE requirements during the reporting period. In such cases, enforcement action will be taken and the licensee may be offered a consent order and be subject to disciplinary action.



## ENFORCEMENT

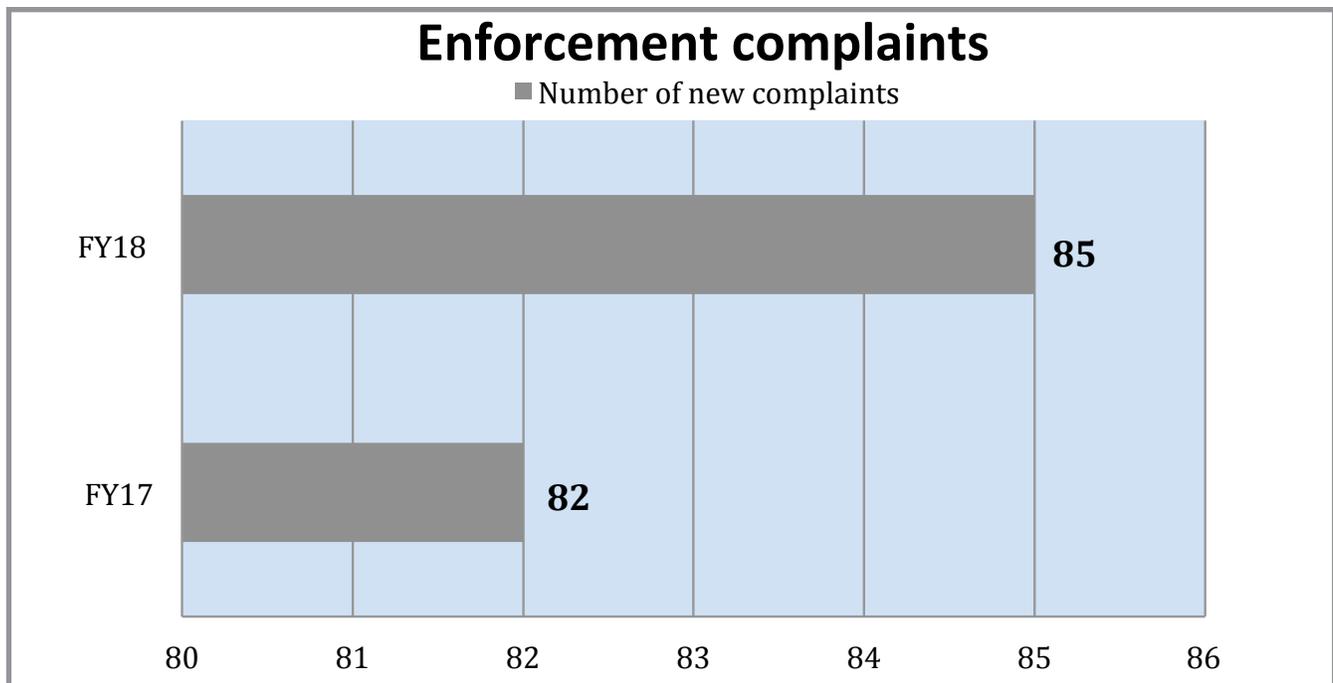
Some common complaints investigated include:

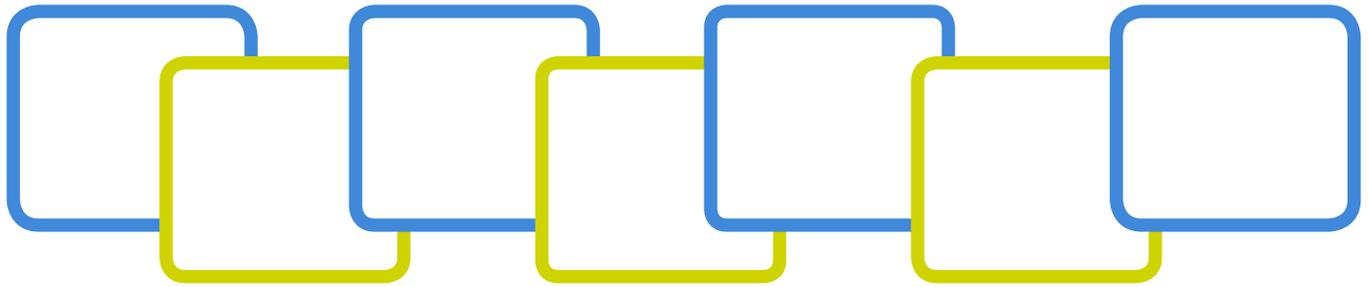
- CPA title use by expired licensees or unlicensed accountants, bookkeepers or firms
- Tax errors or failure to complete services
- Failure to return client records or respond to clients
- Embezzlement, fraud and/or theft
- Disclosure of confidential information
- Misrepresentations
- Lack of independence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

Some common complaints not investigated by the VBOA include:

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

In carrying out its mission, the VBOA is responsible for investigating complaints against CPAs, CPA firms and unlicensed activities. The following chart represents the total number of new complaints during fiscal year 2017 and fiscal year 2018.





## ENFORCEMENT

### Enforcement process

Once the VBOA receives a complaint, it is reviewed by the Enforcement Director. If probable cause exists to initiate an investigation, the complaint is assigned a case number and the investigation process begins. If an investigation is opened, the VBOA notifies the complainant and respondent in writing. The respondent must reply in writing to the complaint.

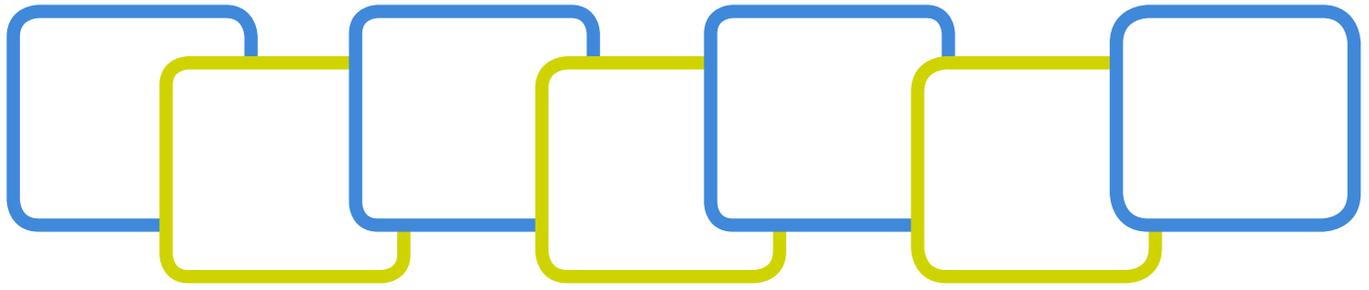
If sanctions are deemed appropriate, a potential resolution of the complaint is proposed in writing to the CPA or unlicensed individual in the form of a Consent Order. If the individual signs the Order agreeing fully to the terms and conditions, the Order is then brought before the full Board for approval. The Board may accept or reject the Order in whole or in part.



If the respondent chooses not to sign the Order, he or she may participate in an administrative Informal Fact-Finding (IFF) Conference before the Enforcement Committee. The Enforcement Committee will review the merits of the case and present a Presiding Officer's recommendation to the Board for consideration. The Board may accept or reject the recommendations in whole or in part. The CPA or unlicensed individual has 30 days to appeal the Board's final case decision to the courts.

All open cases are confidential and are not available to the public. However, closed cases are available to the public upon a Freedom of Information Act request. The VBOA Information and Policy Advisor is the agency's designated FOIA officer.

Each case is investigated based on the specific facts and circumstances. The type and difficulty of the complaint, cooperation of the respondent, work load and required assistance all factor in to the length of the investigation and resolution time. The Board's goal is to close a case within 180 days from the date it is opened. All disciplinary orders of a CPA or CPA firm remain permanently on record with the VBOA.



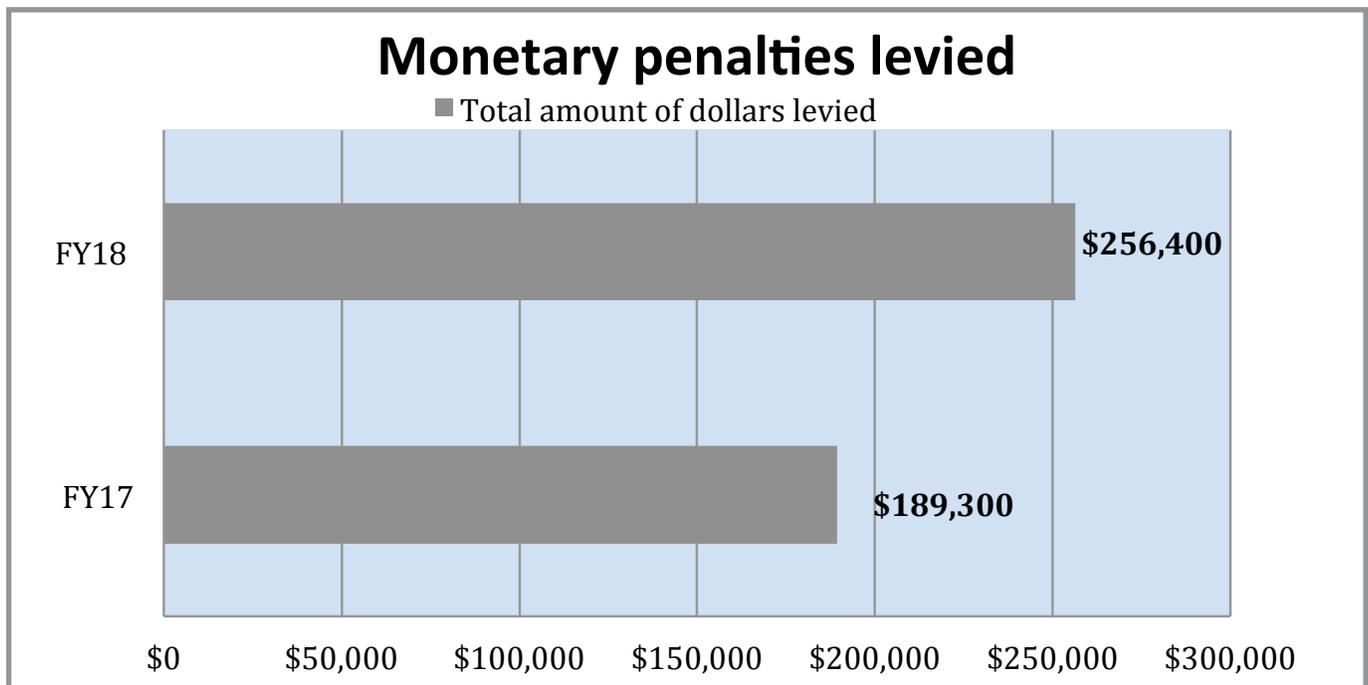
## ENFORCEMENT

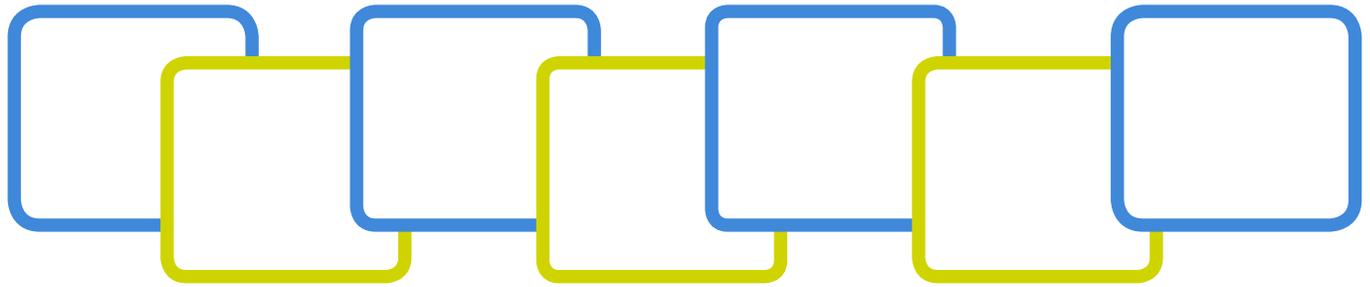
### Penalties

Virginia licensees, expired licensees or non-licensees using the CPA title or performing services in Virginia restricted to CPAs are subject to penalties by the VBOA. Penalties may include, but are not limited to: reprimand, probation, monetary penalties, additional or specific CPE, practice monitoring, practice restriction, and license suspension or revocation. All monetary penalties collected by the VBOA are deposited into the state literary fund and such funds are not available to the VBOA as operating funds.

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

The following chart displays the total dollar amount of monetary penalties levied from fiscal year 2017 through fiscal year 2018.





## ENFORCEMENT

### Closed investigations

A summary of closed enforcement cases from calendar years 2016-17 by source of complaint, allegation/issue and resolution follows.

#### Number of closed cases

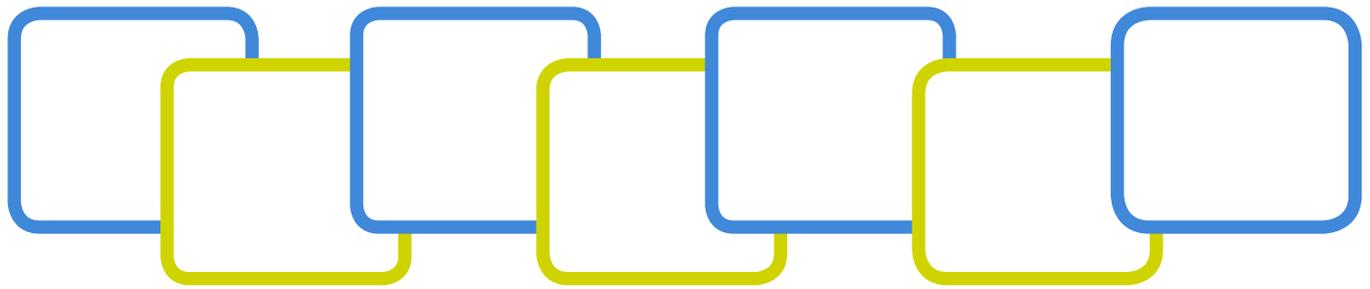


\*The substantial increase in the total number of cases was largely due to an internal reorganization wherein CPE cases previously managed and processed by licensing staff were transitioned to the Enforcement Division, effective October 1, 2016.

### Source of complaints

The following table displays the source of complaints received and the number of cases investigated and closed in calendar year 2016 and 2017.

	VBOA internal	Public (named or anonymous)	Interagency (federal, state, local or international agency/jurisdiction, non-governmental professional organization)
2016	91	23	6
2017	359	16	4



## ENFORCEMENT

### Allegations and issues

The following table displays the allegations and issues received for the number of cases closed in calendar year 2016 and 2017.

	Unlicensed activity	Discreditable act*	CPE deficiency	Eligibility	Peer Review	Totals:
2016	18	5	66	25	6	120
2017	33	7	317	22	0	379

\*Examples include lack of due professional care, tax-related matters, refusing to return client-provided records, and other discreditable acts.

### Case resolutions

The following table displays the case resolutions in calendar year 2016 and 2017 closed cases.

	Closed by Board Order or Consent Order*					Closed by other means		Totals:
	Revocation	Suspension	Monetary penalty	Reprimand	Other**	No violation found	Other***	
2016	1	8	48	1	14	29	19	120
2017	1	22	223	42	20	31	40	379

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

\*\* Examples include additional CPE, written/oral essay, appearance before the Board and reinstatements.

\*\*\* Examples include voluntary surrender of a license, exam eligibility approved by the Enforcement Committee and those judged outside the VBOA's jurisdiction.



**VIRGINIA BOARD  
OF ACCOUNTANCY**

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Biennial report FY 2017-2018