

Thursday, September 30, 2021

Board Meeting Agenda

Board Room #1
2nd Floor Conference Center
9960 Mayland Drive
Henrico, VA 23233

To dial in: (US) +1 224-650-8531 PIN: 750 829 492#

Please note: For those attending the meeting virtually, any public comments must be emailed beforehand and received by September 27, 2021, to boa@boa.virginia.gov with the subject line: Board meeting public comments.

- 10 a.m. Call to Order – **Laurie A. Warwick, CPA, Chair**
Security Briefing – **Patti Hambright, CPE Administrator**
Determination of Quorum
Approval of Sept. 30, 2021, Agenda
Approval of Aug. 31, 2021, Board meeting minutes
Approval of Consent Agenda:
- Consent Orders:
 - 2021-005-003D
 - 2020-053-028D
 - 2019-085-018D
 - 2018-243-010D
- Public comment period*
- 10:15 a.m. 1. Committee Updates – **Laurie A. Warwick, CPA, Chair**
- NASBA Communications Committee – **D. Brian Carson, CPA, CGMA**
 - NASBA Enforcement Resources Committee – **William R. Brown, CPA**
 - NASBA Administration and Finance Committee – **Laurie A. Warwick, CPA, Chair**
 - NASBA Education Committee – **Nadia A. Rogers, CPA**
 - AICPA’s Information Systems and Controls Task Force – **Nadia A. Rogers, CPA**
 - AICPA’s Accounting and Review Services Committee – **Barclay Bradshaw, CPA**
- 10:30 a.m. 2. Executive Director’s Report – **Nancy Glynn, CPA, Executive Director**
- General updates
 - Financial and Board Report update – **Renai Reinholtz, Deputy Director**
 - Enforcement update – **Nancy Glynn, CPA, Executive Director**
- 11 a.m. 3. Board Discussion Topics – **Laurie A. Warwick, CPA, Chair**
- Foreign evaluation of education (ACCA and 3 year degrees) – **Kyle Barrier, Manager, NASBA International Evaluation Services and Nadia A. Rogers, CPA**
 - CPA Evolution: Accreditation Quick Poll results – **Nadia A. Rogers, CPA**
 - Ethics: VBOA Segment 2022 – **Kelli Anderson, Communications Manager**
 - Determining qualifying exceptions to enforcement guidelines – **Nancy Glynn, CPA, Executive Director**

- Renewal certifications and CPE deficiencies revisions – **Nancy Glynn, CPA, Executive Director**
- S.M.A.R.T. Goals update – **Nancy Glynn, CPA, Executive Director**
 - Enforcement Process: Comparing life cycle to benchmarks – update
 - Education for Exam: Draft communications plan – update
 - CPE Credits: December 2021
 - Peer Review Enforcement: March 2022
 - Education Accreditation: May 2022
 - Education for Licensure: May 2022
 - Fee Structure: June 2023

12:30 p.m. 4. Adjourn for lunch

1 p.m. 5. Board Discussion Topics, continued

1:30 p.m. 6. Additional Items for Discussion

- Sign Conflict of Interest forms
- Sign Travel Expense vouchers
- Future meeting dates
 - November 30, 2021 (Radford University)
 - January 11, 2022
 - April 7, 2022
 - May 25, 2022 (planning meeting)
 - June 23, 2022

2 p.m. 7. Closed Session

Enforcement – **Nancy Glynn, CPA, Executive Director**

- OAG updates
- Revised Orders for Review (not completed)
 - 2019-251-024D (Bradshaw and Lewis)
 - 2020-031-018D (Brown and Warwick)
 - 2020-003-002D (Brown and Warwick)
- Presiding Officer Recommendation
 - 2020-302-302C (Glynn)
 - 2020-140-140C (Glynn)
 - 2020-066-036D (Bradshaw and Lewis)
 - 2019-178-101D (Brown and Warwick)
 - 2020-027-014D (Brown and Warwick)
 - 2016-005D
- Personnel update and discussion

3 p.m. Adjournment

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
August 31, 2021
Draft/Unapproved minutes**

The Virginia Board of Accountancy met on Tuesday, August 31, 2021, in Board Room #2 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: Laurie A. Warwick, CPA, Chair
Wendy P. Lewis, CPA, Vice Chair
Jay Bernas
William R. Brown, CPA
W. Barclay Bradshaw, CPA
D. Brian Carson, CPA, CGMA

MEMBER APPEARING VIRTUALLY: Nadia A. Rogers, CPA

LEGAL COUNSEL: James Flaherty, Assistant Attorney General,
Office of the Attorney General

STAFF PRESENT: Nancy Glynn, CPA, Executive Director
Renai Reinholtz, Deputy Director
Amanda E. M. Blount, Enforcement Director
Kelli Anderson, Communications Manager
Patti Hambright, CPE Administrator
Elaina Johnson, IT Specialist
Steven Burkarth, Information and Policy Advisor
Nicole Rogers, Licensing and Operations Support

STAFF PRESENT FOR A PORTION OF THE MEETING: Laurie Burton, Investigator

MEMBER OF THE PUBLIC PRESENT: Emily Walker, CAE, Vice President, Advocacy, Virginia Society of Certified Public Accountants

MEMBERS OF THE PUBLIC APPEARING VIRTUALLY: Dan Dustin, Vice President, State Board Relations, National Association of State Boards of Accountancy
Bryan Long, CPA
Michael Maccaroni, CPA
Francis Taylor, CPA

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CALL TO ORDER

Ms. Warwick called the meeting to order at 10 a.m.

DETERMINATION OF QUORUM

Ms. Warwick determined there was a quorum present.

SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

APPROVAL OF AGENDA

Upon a motion by Mr. Brown, and duly seconded, the members voted to approve the August 31, 2021, agenda, as amended.

CALL FOR VOTE:

Laurie A. Warwick, CPA – Aye
Wendy P. Lewis, CPA – Aye
Jay Bernas – Aye
William R. Brown, CPA – Aye
W. Barclay Bradshaw, CPA – Aye
D. Brian Carson, CPA, CGMA – Aye
Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Seven (7)
Nays: None

APPROVAL OF MINUTES

Upon a motion by Mr. Bradshaw, and duly seconded, the members voted to approve the June 24, 2021, Board meeting minutes, as presented.

CALL FOR VOTE:

Laurie A. Warwick, CPA – Aye
Wendy P. Lewis, CPA – Aye
Jay Bernas – Aye
William R. Brown, CPA – Aye

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W. Barclay Bradshaw, CPA – Aye
D. Brian Carson, CPA, CGMA – Aye
Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Seven (7)
Nays: None

VBOA Policy #10

Ms. Warwick summarized VBOA Policy #10 Electronic Participation in Virginia Board of Accountancy Meetings. Electronic participation was not challenged.

PUBLIC COMMENT PERIOD

Ms. Walker addressed the Board regarding the VBOA’s CPA Evolution Model Rules letter and provided comments.

Ms. Walker noted that September 20-26, 2021, the VSCPA would celebrate CPA week to highlight the profession.

Ms. Walker noted the VSCPA would be hosting a series of diversity, equity and inclusion (DEI) sessions to assist moving forward as a more diverse, equitable and inclusive profession.

Ms. Walker noted the VSCPA would be hosting the Virtual VSCPA Interchange: CPA Evolution and the Future of the Profession free in October 2021, providing one CPE credit for participants.

Mr. Long addressed the Board in regards to disciplinary action.

Mr. Maccaroni addressed the Board in regards to disciplinary action.

Mr. Taylor declined to comment.

COMMITTEE UPDATES

NASBA Communications Committee

Mr. Carson noted there were no updates for the NASBA Communications Committee.

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NASBA Enforcement Resources Committee

Mr. Brown noted there were no updates for the NASBA Enforcement Resources Committee.

NASBA Administration and Finance Committee

Ms. Warwick noted there were no updates for the NASBA Administration and Finance Committee.

NASBA Education Committee

Ms. Rogers noted there were no updates for the NASBA Education Committee.

AICPA's Information Systems and Controls Task Force

Ms. Rogers noted there were no updates for the AICPA's Information Systems and Controls Task Force.

AICPA's Accounting and Review Services Committee

Mr. Bradshaw noted the six-member committee would be announcing changes to Statements on Standards for Accounting and Review Services (SSARS).

CPA Evolution and Accreditation update

Mr. Dustin provided a handout and an in-depth review of CPA Evolution. He explained the new model for the Uniform CPA Examination would include the three core accounting sections; Accounting, Audit, and Tax, with a choice of one of three disciplines; Tax compliance and planning, Business analysis and reporting, and information systems and controls. The new exam is expected to launch in January of 2024. Mr. Dustin fielded questions.

EXECUTIVE DIRECTOR'S REPORT

General updates

- Ms. Glynn reported CPA license renewals had gone well. Because of the new renewal format, self-reported CPE deficiencies have increased. CPA license reinstatement applications have also seen an increase.
- Ms. Glynn reported that two weeks after the June 30, 2021, renewal date emails were sent to firms and individuals notifying them of their expired licenses.

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- Ms. Glynn noted Ms. Blount had accepted a new opportunity and would be leaving VBOA on September 9, 2021. Board members thanked Ms. Blount for her service to the Board.
- Ms. Glynn noted Ms. Hambright is the new CPE Administrator for the VBOA.
- Ms. Glynn noted Mr. Burkarth is the new Information and Policy Advisor for the VBOA.
- Ms. Glynn noted Ms. Johnson is the new IT Specialist.
- Ms. Glynn noted interviews for the Adjudication Specialist position were being held tomorrow.

Financial and Board Report update

Ms. Reinholtz presented and fielded questions regarding the July 2021 Financial and Board Report.

Enforcement update

Ms. Blount led the discussion regarding the enforcement update. She provided a handout and noted the aging cases had been closed. She noted several non-CPE Informal Fact Finding conferences (IFF) had been held in July and August. Ms. Blount reviewed enforcement processes milestones with Board members and fielded questions.

BOARD DISCUSSION TOPICS

Protecting the public interest

Mr. Brown discussed in detail the 3 E's pathway to becoming a certified public accountant: education, examination and experience. He noted eight countries to be substantially equivalent to the U.S, however, the work experience requirement of one year versus five years of experience made additional mutual recognition agreements difficult. An in-depth discussion ensued. The Board will continue the discussion at a later date.

MLO upgrade process

Ms. Glynn led the discussion regarding the MLO upgrade process. She noted all continuing professional education (CPE) audits and several non-CPE complaints were now being entered into the MLO (VBOA database) enforcement modules. Ms. Glynn also noted the license reinstatement process would soon be automated.

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CPA Evolution - model

Ms. Rogers led the discussion regarding CPA Evolution. She noted that the model curriculum was released in June 2021 and colleges and universities are currently considering the information within to determine the extent of curricula changes and next steps. Ms. Rogers indicated that raising awareness of the upcoming CPA Exam changes amongst students is important, and she offered to speak at the November Board meeting to be held at Radford University. Ms. Rogers reviewed the VBOA Education Handbook in detail with Board members. She also indicated that she would submit a response to the AICPA's CPA Exam Survey on behalf of the VBOA. Ms. Rogers indicated that she is serving on the VSCPA's CPA Evolution Faculty Task Force and the first meeting would be September 2, 2021. She fielded questions.

S.M.A.R.T Goals update

Education for Exam: Interim changes to Education Handbook – update

Ms. Rogers apprised the Board in detail of the immediate revisions to the VBOA Education Handbook. Discussion ensued.

Enforcement Process: Identify milestones – update

Ms. Glynn led the discussion regarding the enforcement process and identifying milestones. A handout was provided. Discussion ensued.

RECESS FOR LUNCH 12:30 p.m.

RECONVENE 1 p.m.

BOARD DISCUSSION TOPICS (continued)

Enforcement Process: Identify milestones – update

After a thorough discussion, Board members agreed on a possible seven categories for enforcement processes. Ms. Glynn fielded questions.

Additional S.M.A.R.T. goal topics include:

- Peer Review enforcement
- Education accreditation
- Education for licensure
- CPE credits

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- Fee structure

ADDITIONAL ITEMS FOR DISCUSSION

- Sign Conflict of Interest forms
- Sign Travel Expense vouchers

FUTURE MEETING DATES

- September 30, 2021
- November 30, 2021 (Radford University)
- January 11, 2022
- April 7, 2022
- May 25, 2022
- June 23, 2022

Begin closed meeting

Upon a motion by Ms. Lewis, and duly seconded, the members approved by unanimous vote the meeting be recessed and the Virginia Board of Accountancy convene a closed meeting under the Virginia Freedom of Information Act to a matter lawfully exempted from open meeting requirements under the ‘Legal advice regarding specific legal matters’ and ‘personnel matters’ exemptions contained in Virginia Code §2.2-3711 (A)(8) and Code §2.2-3711 (A)(1).

The following non-member will be in attendance for the closed meeting to reasonably aid in the consideration of this topic: James Flaherty. (Ms. Johnson was present for technical support for a portion of the meeting.)

The following non-members will be in attendance for a portion of the closed meeting to reasonably aid in the consideration of this topic: Nancy Glynn and Amanda Blount.

CALL FOR VOTE:

Laurie A. Warwick, CPA – Aye
Wendy P. Lewis, CPA – Aye
Jay Bernas – Aye
William R. Brown, CPA – Aye
W. Barclay Bradshaw, CPA – Aye
D. Brian Carson, CPA, CGMA – Aye
Nadia A. Rogers, CPA – Aye

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VOTE:

Ayes: Seven (7)

Nays: None

End closed meeting

Upon a motion by Ms. Warwick, and duly seconded, the Virginia Board of Accountancy convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and WHEREAS, § 2.2-3712 (D) of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law; NOW THEREFORE, BE IT RESOLVED, that the VBOA hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia laws 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:

Laurie A. Warwick, CPA – Aye

Wendy P. Lewis, CPA – Aye

Jay Bernas – Aye

William R. Brown, CPA – Aye

W. Barclay Bradshaw, CPA – Aye

D. Brian Carson, CPA, CGMA – Aye

Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Seven (7)

Nays: None

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

Case #2020-031-018D and Case #2020-003-002D (Warwick and Brown)

Ms. Warwick, Mr. Brown and Ms. Blount were not present and did not participate in the closed session.

Upon a motion by Mr. Carson, and duly seconded, members voted to remand Cases #2020-031-018D and #2020-003-002D to the presiding officer with instructions to follow the applicable CPE Guidelines or document why a deviation is warranted.

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CALL FOR VOTE:

Laurie A. Warwick, CPA – Abstain
Wendy P. Lewis, CPA – Aye
Jay Bernas – Aye
William R. Brown, CPA – Abstain
W. Barclay Bradshaw, CPA – Aye
D. Brian Carson, CPA, CGMA – Aye
Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Five (5)
Abstain: Two (2)
Nays: None

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

Case #2019-251-024D (Lewis and Bradshaw)

Ms. Lewis, Mr. Bradshaw and Ms. Blount were not present and did not participate in the closed session.

Upon a motion by Mr. Carson, and duly seconded, members voted to remand Case #2019-251-024D to the presiding officer with instructions to substantiate the violations described in Conclusions of Law, Paragraph 26, and to address the respondent's failure to notify the VBOA of the disciplinary action cited in the order.

CALL FOR VOTE:

Laurie A. Warwick, CPA – Aye
Wendy P. Lewis, CPA – Abstain
Jay Bernas – Aye
William R. Brown, CPA – Aye
W. Barclay Bradshaw, CPA – Abstain
D. Brian Carson, CPA, CGMA – Aye
Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Five (5)
Abstain: Two (2)
Nays: None

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

Case #2020-049-049C

Ms. Blount was not present and did not participate in the closed session.

Upon a motion by Mr. Bradshaw, and duly seconded, members voted unanimously to rescind Consent Order #2020-049-049C.

CALL FOR VOTE:

Laurie A. Warwick, CPA – Aye

Wendy P. Lewis, CPA – Aye

Jay Bernas – Aye

William R. Brown, CPA – Aye

W. Barclay Bradshaw, CPA – Aye

D. Brian Carson, CPA, CGMA – Aye

Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Seven (7)

Nays: None

ADJOURNMENT

There being no further business before the VBOA, Ms. Warwick adjourned the meeting at 3:30 p.m.

APPROVED:

Laurie A. Warwick, CPA, Chair

COPY TESTE:

Nancy Glynn, CPA, Executive Director

NASBA

BYLAWS

Amended November 23, 20210

Effective November 34, 20210

As Approved by the NASBA Board of Directors at their July 23, 2011 Meeting

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NASBA Bylaws

(As Amended at the 2019 NASBA Annual Business Meeting)

ARTICLE I – Name

The name of this organization shall be the National Association of State Boards of Accountancy, Inc. (hereinafter, the “Association”). The location of the Association’s principal office shall be within the continental United States as the Board of Directors shall determine.

ARTICLE II – Purpose

The purpose of the Association shall be to provide an organization to protect, promote, foster and advance the common interests and welfare of boards of accountancy of the various states of the United States, its territories and the District of Columbia. The Association shall provide a forum for the exchange of information and obtaining assistance in discharging such boards’ responsibilities for the administration of public accountancy laws and for the protection of the public interest as it is affected by the practice of public accountancy. The Association shall also promote the general welfare of its members for the accomplishment of the objectives herein above set forth. The Association shall not be organized for profit or organized to engage in a regular business of a kind ordinarily carried on for profit or carry on any activities which are inconsistent with the exempt status of organizations described in Section 501(c)(6) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any successor law.

ARTICLE III – Membership

3.1 Member Boards.

3.1.1 The members of the Association shall be the boards, departments or instrumentalities confirmed by the Board of Directors as legally constituted by their respective states, territories and the District of Columbia of the United States of America to pass on the qualifications of, or to examine applicants for certification or licensure as, certified public accountants or similar licensed categories, or to regulate the practice of public accountancy within their jurisdiction.

3.1.2 Hereinafter the members of the Association shall be referred to as the “Member Boards.” In a jurisdiction where there is more than one board, department or instrumentality as defined above, they collectively shall constitute a single Member Board under the provisions of these bylaws.

3.2 Delegates.

All duly appointed or elected individuals who are members of the Member Boards as determined by the respective Member Board’s laws shall be Delegates of the Association. Delegates shall have the privilege of the floor and may propose motions, resolutions or other actions at all meetings of the Association and shall be eligible for service as Officers, Directors and members of committees of the Association.

3.3 Associates.

All former Delegates or persons who have been members of Member Boards shall be deemed Associates of the Association provided that their dues, established in accordance with these bylaws, have been paid in full for the current fiscal year. Associate Dues will not be assessed for past NASBA Chairs and currently serving members of the Board of Directors. Associates shall have the privilege of the floor and may propose motions, resolutions

or other actions at all meetings of the Association and shall be eligible for service as Officers, Directors and members of committees within the limitations established by these bylaws.

ARTICLE IV - Board of Directors and Officers

4.1 Board of Directors.

The business and affairs of the Association shall be under the direction of a Board of Directors.

4.2 Composition of Board of Directors.

The Board of Directors shall be composed of a Chair, Vice Chair, Past Chair, nine Directors-at-Large and a Regional Director from each Region established in accordance with the provisions of Article V of these bylaws. The Board of Directors shall also include the President of the Association and Chair of the Executive Directors Committee as *ex officio* non-voting members as provided in Sections 4.4 and 8.8, respectively.

4.3 Officers and Duties.

The Officers of the Board of Directors shall be a Chair, Vice Chair, Past Chair, Secretary and Treasurer. The Officers of the Board of Directors shall have the duties set forth herein. The duties of Directors shall be such as usually are attached to such offices and such other duties consistent with the provisions of these bylaws, resolutions or actions of the Member Boards at the Annual Meeting or any special meeting, or as may be determined from time to time by the Board of Directors. All members of the Board of Directors must meet the fiduciary duties of careful and prudent judgment, adherence to organizational purpose and rules, and avoidance of conflicts of interest. Neither Officers of the Board of Directors nor Directors shall receive compensation for their services to the Association.

4.3.1 Chair.

The Chair, when present, shall preside at all meetings in accordance with the latest edition of *Robert's Rules of Order, Newly Revised*, interpret these bylaws, appoint all committees that will be active during his or her tenure as Chair, and serve as an *ex officio* non-voting member of all committees except the Nominating Committee. The Chair may also designate the Vice Chair to serve as an *ex officio* non-voting member of any standing or non-standing committee other than the Nominating Committee or the CPA Examination Review Committee.

4.3.2 Vice Chair.

The Vice Chair shall, in the absence of the Chair, exercise the duties of and possess all the powers of the Chair. The Vice Chair shall also serve as a member of the Administration and Finance Committee. The Vice Chair may also be designated by the Chair as an *ex officio* non-voting member of any other standing and non-standing Committee other than the Nominating Committee or the CPA Examination Review Committee.

4.3.3 Secretary.

The Secretary shall be elected by the Board of Directors from the Directors-at-Large as soon as practicable following the installation of the new Board of Directors at the Annual Meeting. The Secretary shall perform the duties usual and incidental to the office that are required to be performed by law, and shall be responsible for the minutes of the Board of Directors. The Secretary may delegate to the President and other staff the actual

performance of any or all of the office's appropriate duties and authorize the President or staff to sign under their respective titles the correspondence conducted by them.

4.3.4 Treasurer.

The Treasurer shall be elected by the Board of Directors from the Directors-at-Large as soon as practicable following the installation of the new Board of Directors at the Annual Meeting. The Treasurer shall be responsible for the activities of the Administration and Finance Committee, and shall serve as its chair.

4.3.5 Regional Directors.

Regional Directors shall be elected as provided in Article VII, and shall be responsible for communications with the Boards of Accountancy in the Regions which they represent and for presiding over Regional Meetings.

4.3.6 Past Chair.

The Past Chair shall serve as chair of the Nominating Committee in accordance with Article VII of these bylaws.

4.4 President.

A President shall be appointed by the Board of Directors and shall serve as the Chief Executive Officer of the Association. The President shall manage the affairs of the Association and have such duties and responsibilities as the Board of Directors shall determine. The President shall be salaried and shall report directly to the Chair who, with the consent and approval of the Executive Committee of the Board of Directors, will assign duties and powers in his or her areas of responsibility. The President shall employ and terminate staff, enter into routine contracts, and obtain legal consultation. The President shall also serve without additional compensation, in such other capacity relating to the business of the Association to which he or she may be elected or appointed by the Executive Committee of the Board of Directors. The President may be removed with or without cause by a resolution of the Board of Directors. The President shall serve as an *ex officio* non-voting member of the Board of Directors and shall not be counted in determining the total number of authorized Directors. The President shall be granted the privilege of the floor at all meetings of the Association and the Board of Directors.

4.4.1 Selection Committee Guidelines.

If the Board of Directors determines there is a need for a Committee to search for a new President of the Association, then the current Chair shall establish a Selection Committee. The total number of Selection Committee members and operational guidelines for the Committee shall be determined by the Chair and approved by the Board of Directors. The Selection Committee members shall be appointed by the Chair, approved by the Board of Directors and should, at a minimum, consist of a representative from each Region of the Association (not currently serving on the Board of Directors), one Executive Director and one past chair.

4.4.2 Interim President.

In the event of a vacancy in the office of the President, the Board of Directors may appoint an individual to serve as interim President and Chief Executive Officer of the Association with responsibility for oversight of the daily operating activities of the Association until a new President is selected pursuant to Section 4.4.1.

4.5 Qualification, Terms and Limitations of Office.

4.5.1 The Vice Chair and Directors shall be elected in accordance with these bylaws during the Business

Session at Annual Meeting of the Association. The Vice Chair shall serve as such from the adjournment of the Business Session at the Annual Meeting at which he or she is so elected until the adjournment of the Business Session at the next following Annual Meeting, at which time he or she shall become Chair and shall serve as such until the adjournment of the Business Session at the next following Annual Business Meeting, at which time he or she shall become Past Chair and shall serve as a Director of the Association in accordance with the provisions of Section 4.2 of these bylaws.

4.52 No incumbent shall be elected to succeed himself or herself in the offices of Chair or Vice Chair.

4.53 No Past Chair shall be eligible to be re-elected as an Officer or Director.

4.54 ~~Beginning with the 2016 Annual Business Meeting,~~ Directors-at-Large shall be elected for three-year terms and may serve a maximum of two complete terms.

As Approved by the NASBA Board of Directors at their July 23, 2021 Meeting

4.55 Regional Directors shall be elected for one-year terms and may serve a maximum of three complete terms.

4.56 A person who has succeeded, acceded to, or been appointed to fill a vacancy (serve an unexpired term) shall not have that service counted in the limitation of terms that can be served, provided that in no event shall an individual be eligible for election or appointment to fill an unexpired term if the individual has already served two complete terms as a Director-at-Large. No individual shall be eligible for appointment to the Board of Directors to fill more than one unexpired term.

4.57 All members of the Board of Directors shall be Delegates or Associates. A simple majority of all members of the Board of Directors shall be Delegates at the time of or within six months of the Annual Business Meeting at which they are elected to their current office on the Board. For purposes of this section, the Immediate Past Chair shall be a delegate or associate but shall not be included in calculation of a majority.

4.58 All Regional Directors shall be Delegates at the time of or within six months prior to their election or appointment.

4.59 To be eligible to serve as Vice Chair, an individual must have served as a Director-at-Large or Regional Director for a minimum of two years, but need not be a current member of the Board of Directors at the time of his or her election.

4.6 Board of Directors Vacancies.

4.61 A vacancy in the Chair position shall be filled by the Vice Chair.

4.62 A vacancy in the Vice Chair position shall be filled pursuant to Section 7.2.3. If necessary, the Chair shall continue to serve until this process is complete.

4.63 A vacancy in the Past Chair position shall not be filled until after the end of the current Chair's term.

4.64 All other vacancies on the Board of Directors shall be filled by the Board of Directors, and all such appointees shall serve the unexpired term of their predecessors in office.

4.7 Regular Meetings of the Board of Directors.

Regular meetings of the Board of Directors shall be held prior to the Annual Meeting of the Association and at such other times as the Board of Directors may designate.

4.8 Special Meetings of the Board of Directors.

The Chair may call special meetings of the Board of Directors at such time and place as he or she shall determine. Alternatively, the Chair shall call such special meetings at such time and place as may be designated in a written request of five or more members of the Board of Directors.

4.9 Notice and Waiver.

4.91 Notice of any regular or special meeting of the Board of Directors shall be sent by mail, e-mail, facsimile, telephone or shall be delivered personally or by other appropriate means to each Member Board and to each member of the Board of Directors, at his or her mailing address, as shown in the official records of the

Association, at least 21 days before such meeting if notified by mail, or five days if notified by other methods. Such notice, as far as practicable, shall contain a statement of the agenda for such meeting.

4.92 Meetings held and actions taken without notice as provided in these bylaws shall be valid if each member of the Board of Directors entitled to notice: (1) attends the meeting without protesting lack of notice either before or when such meeting convenes; or (2) signs a written waiver of notice or a written consent to holding the meeting or an approval of the minutes of the meeting, either before or after the meeting; and (3) such written consents or approvals are filed with the records of the meeting.

4.10 Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting of the Board of Directors. If a majority of Directors are not present at any meeting of the Board of Directors, the majority of the Directors present may adjourn the meeting to a stated time and place without further notice. The vote of a majority of Directors present and voting at any meeting at which there is a quorum shall be an act of the Board of Directors.

4.11 Teleconference Meetings.

The Board of Directors meetings, annual meetings, regional meetings, special meetings, and any NASBA committee meetings may be conducted by means of teleconference, provided that all persons participating in the meeting can communicate with one another, and participation in such a meeting shall constitute physical presence or attendance in person at such meeting. When used in these bylaws, the term "teleconference" shall be understood to also mean telephone call or similar audio or visual communication. When used in these bylaws, the term "place" shall be understood to include a virtual meeting, via teleconference. When used in Sections 5 and 7 of these bylaws, the term "in person" can mean via teleconference when all persons are participating by teleconference using both audio and video communications, or just audio communication when video communication is not available.

4.12 ~~Mail, E-mail, or Facsimile~~ Ballot Submission.

The Chair may submit any action to the Board of Directors for vote by mail, e-mail, ~~facsimile ballot~~ or other appropriate means, provided the subject matter has been previously reviewed and discussed by the Board of Directors. Only ballots returned in the prescribed time will be counted. Any action approved by a majority of the Board of Directors shall be an act of the Board of Directors and shall be recorded in the minutes of the Board of Directors.

4.13 Resignation or Removal.

4.13.1 Resignation. Any Officer or Director may resign at any time by giving written notice to the Chair, the Secretary or the full Board of Directors. Such resignation shall take effect at the time specified therein or, if no time is specified, at the time of acceptance by the Chair, Secretary or Board of Directors.

4.13.2 Removal for Failure to Attend. As a condition for election and service, any Officer or Director who shall fail to attend two consecutive regular meetings of the Board of Directors shall be automatically removed from the Board of Directors. The Board of Directors may waive such automatic removal if it shall by majority vote determine that such failure to attend was caused by sufficient circumstances to excuse such absence. The position of Officer or Director removed under this provision shall be filled in accordance with Section 4.6 of this Article.

4.13.3 Removal for Other Cause. Any Officer or Director may be removed for any cause deemed sufficient as

provided under Delaware law.

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ARTICLE V - Regions

5.1 Purpose and Composition.

In order to establish closer communications between the Board of Directors and the Member Boards, as well as between Member Boards within geographical areas, and to assist the Association in achieving its stated purpose, all of the states, territories and the District of Columbia shall be divided into at least five, but not more than nine, geographical Regions. The names, number and composition of Regions shall be determined from time to time by the Board of Directors.

5.2 Representation.

A Regional Director shall be nominated and elected in accordance with Article VII of these bylaws to serve terms as provided in Section 4.5.5 to represent the Board of Directors within each Region and to perform such other duties as may be designated by the Board of Directors. Each Region shall, in accordance with Article VII, elect one Delegate or Associate as a member of the Nominating Committee to represent in person their Region on the Nominating Committee and one Delegate or Associate as an alternate to participate in person in the event that the member cannot attend the meeting.

5.3 Regional Meetings.

~~Annually, Each Region shall hold an Annual Regional Meeting not less than 60 days prior to the Association's Annual Meeting. Pursuant to section 4.11, such meeting may be held by teleconference, at a time and place to be determined by the Board of Directors.~~ The purposes of the ~~Annual Regional Meetings~~ are to facilitate communications, elect the members and alternates of the Nominating Committee pursuant to Article VII and to transact other business. Pursuant to Section 4.3.5, the Regional Director shall preside over a Regional Meeting. Unless the Regional Director is the Designated Voting Representative of a Member Board as described in Section 6.6.1 and 6.6.2, the Regional Director shall not have a vote at the Regional Meeting. In the event the Regional Director is unable to preside, the ~~NASBA Association~~ Chair shall designate a Delegate or Associate to preside.

ARTICLE VI - Meetings of the Association and Voting

6.1 Annual Meeting.

The Association shall hold an Annual Meeting ~~in the last quarter of the calendar year at a time and place to be determined by the Board of Directors of the Association.~~ The purposes of the Annual Meeting are to facilitate communications, elect the Vice Chair and Directors and to transact other business.

6.2 Special Meetings.

The Chair shall call special meetings of the Association when requested to do so by the Board of Directors or by at least one-third of the Member Boards on written application to the Chair, signed by the individual designated as the Presiding Officer of each of the said one-third of the Member Boards. Special meetings of the Association shall be held at such times and places as shall be designated by the Board of Directors.

6.3 Notice and Waiver.

6.3.1 Notice of each meeting of the Association or Regions shall be sent to each Member Board and to each Delegate and Associate at the mailing address shown in the official records of the Association at least 60 days

before such meeting. Such notice, as far as practicable, shall contain a statement of the general business to be transacted. Notice of the Annual Meeting shall contain the report of the Nominating Committee as provided in Section 7.3.1.

6.3.2 Meetings held and actions taken without notice as provided in these bylaws shall be valid if each Member Board entitled to notice: (1) attends the meeting without protesting lack of notice either before or when such meeting convenes; or (2) signs a written waiver of notice or a written consent to holding the meeting or an approval of the minutes of the meeting, either before or after the meeting; and (3) such written consents or approvals are filed with the records of the meeting.

6.4 Quorum.

A quorum for the transaction of business at any meeting of the Association shall be one or more Designated Voting Representatives from a majority of Member Boards. A quorum for the transaction of business at any meeting of a Region shall be one or more Designated Voting Representatives from a majority of the Member Boards of such Region. In the absence of a quorum at an Annual Meeting, Regional Meeting or a special meeting, the majority of the Member Boards represented at such meeting may adjourn the meeting to a stated time and place without further notice.

6.5 Advisory Vote on Matters Related to Member Boards' Regulatory Responsibilities.

Any issue being deliberated by the Board of Directors or any committee, that is determined by the Board of Directors to have a material impact on the regulatory responsibilities of the Member Boards, shall be submitted to the Member Boards for their advisory vote. Such advisory vote should ordinarily be taken at an Annual Meeting. However, if the timing of an issue will not allow the advisory vote to be conducted at an Annual Meeting, the Chair may call a special meeting.

6.6 Voting.

6.6.1 Each Member Board shall be entitled to only one vote on any matter brought before the Association, and each Member Board in the Region shall be entitled to only one vote on any matter brought before any Regional Meeting, which vote shall be cast on behalf of such Member Board by its Designated Voting Representative.

6.6.2 The Presiding Officer of a Member Board, if present, shall be presumed to be the Designated Voting Representative. If the Presiding Officer is unable or unwilling to serve, the Member Board may authorize another Delegate, Associate or Executive Director from that State to serve as its Voting Representative. The Member Board may authorize successive alternate Voting Representatives to ensure that the Member Board's one vote may be cast. The authorization shall be in writing (including email) and may be issued by the Member Board's Presiding Officer or the next highest ranking Board Member available prior to or upon registration for the relevant meeting.

6.6.3 Unless a greater vote is required by these bylaws for any action, a majority vote of all Member Boards shall be required to pass any motion or resolution of the Association.

6.7 Ballot Voting.

6.7.1 The Board of Directors, or a majority of the Member Boards of the Association present at any duly called meeting of the Association at which a quorum is present, may direct that the Chair of the Association submit any action to all Member Boards for their consent by mail, e-mail or ~~facsimile~~ other appropriate means, except that the election of

the Vice Chair, Directors and members and alternates of the Nominating Committee may not be done by written consent, except in filling an interim vacancy of the Vice Chair.

6.7.2 The Member Boards will have 45 days to return their ballots.

6.7.3 Any action taken or approved in such a ballot by two-thirds of the Member Boards voting shall be a resolution of the Member Boards of the Association provided that the number of Member Boards approving such action shall constitute a majority of the Member Boards of the Association.

6.8 Rules of Order.

The rules of parliamentary procedure contained in the latest edition of *Robert's Rules of Order, Newly Revised*, shall govern all meetings of the Association, except as may be otherwise provided in these bylaws.

Article VII - Nominations and Elections

7.1 Nominating Committee Composition and Election.

The membership of the Nominating Committee shall consist of the Past Chair, who shall serve as Chair of the Nominating Committee, and one member from each Region elected as provided herein.

7.1.1 A Delegate or Associate is eligible for election to the Nominating Committee.

7.1.2 With the exception of the Past Chair, no member of the Nominating Committee may serve concurrently as a member of the Board of Directors and the Nominating Committee, and no member may be eligible for election to the Board of Directors through the entirety of his or her elected term on the Nominating Committee and through the adjournment of the next following Annual Meeting. For purposes of this subsection, an alternate of the Nominating Committee is not considered a member of the Committee. ~~unless and until he or she assumes office by replacing a member at one or more meetings for the purpose of deliberating upon or voting for nominees.~~

7.1.3 If the Past Chair cannot serve, or declines to serve, as Chair of the Nominating Committee, the Board of Directors shall appoint another Delegate or Associate to serve as Nominating Committee Chair so long as the person is ineligible to serve on the Board of Directors for the year following his or her service on the Nominating Committee.

7.1.4 Nominating Committee members and alternates shall be elected for two-year terms and may serve two complete terms in succession plus any unexpired terms. The term begins immediately following the Business Session of the Annual Meeting. If an alternate never participates in a Nominating Committee meeting during his/her term, the alternate shall not be subject to the one-year cooling off period set forth in sub-section 7.1.2. However, if a Nominating Committee member or alternate resigns during his/her elected term, then the one-year cooling off provision is applicable and begins through the adjournment of the next Annual Meeting. The terms of the Nominating Committee members shall be staggered so that half of the Regions hold elections each year.

7.1.5 The election of members and alternates of the Nominating Committee shall require a majority vote of the Member Boards in the Region represented at the Regional Meeting, provided a quorum is met.

7.1.6 At the Regional Meeting, each Region whose Nominating Committee member's term is expiring at the current year's Annual Meeting shall elect a member and an alternate of the Nominating Committee to represent

its Region. The Association shall send notices to the membership about the Nominating Committee selection process in those Regions whose Nominating Committee member's term is expiring at the current year's Annual Meeting no less than 60 and 30 days prior to the Regional Meeting. Those interested in representing their region on the Nominating Committee shall have his/her name submitted to the President of the Association within 14-days prior to the start of the Regional Meeting. For those Regions that have no candidate submit a name 14-days prior to the start of the Regional Meeting or have no qualified candidates at the time of election of member or alternate, may consider qualified candidates from the floor.

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7.17 Each member and alternate must have (i) served at least two years on a state board of accountancy, (ii) attended, in person, at least one NASBA Regional Meeting, (iii) attended, in person, at least one NASBA Annual Meeting and (iv) served on a NASBA committee, task force or board (such as the Exam Review Board or International Qualifications Appraisal Board). The term “board” as used in this subsection does not refer to the Board of Directors.

7.18 If a Region’s member and alternate are both unable to serve and the Nominating Committee will hold a meeting for the purpose of making nominations prior to that Region’s next NASBA Regional Meeting, then an ad hoc committee consisting of one state board member from each Member Board in that Region shall meet to elect a member and alternate to serve for the unexpired terms of the former member and former alternate.:-

7.19 If a Region fails to elect a member or an alternate as provided above, the Board of Directors shall appoint a member or an alternate to represent that Region on the Nominating Committee.

7.1.10 In the event of a deadlocked vote in a Region’s election of its member or alternate on the Nominating Committee, the Regional Director shall convene an ad hoc meeting pursuant to Section 7.1.8 to elect the Region’s member or alternate on the Nominating Committee. If the election pursuant to Section 7.1.8 has not been completed within thirty (30) days after the Annual Regional Meeting, the Region’s Nominating Committee member and/or alternate shall be appointed by the Board of Directors pursuant to Section 7.1.9.

7.2 Responsibilities of Nominating Committee.

721 Obligation to Attend Nominating Committee Meetings in Person.

721.1 In view of the importance of each Region being represented in person at meetings of the Nominating Committee when the Committee is meeting for the purpose of deliberating upon or voting for nominees, the member or alternate must be in attendance at such meetings in order to participate and vote. The alternate shall reserve the Nominating Committee meeting dates so he or she can attend a meeting on short notice if the member cannot attend. In the event the member cannot attend the meeting, it shall be the responsibility of the member to notify the Nominating Committee Chair and the Region’s alternate as soon as possible so the alternate can attend the meeting.

721.2 Members of the Nominating Committee who miss more than one meeting (for the purpose of deliberating upon or voting for nominees) during their term may not stand for re-election.

721.3 The responsibility of the alternate is to serve in person in the event the member cannot attend the meeting or is no longer a Delegate or Associate.

722 Annual Nominations.

The Nominating Committee shall nominate annually one qualified candidate for Vice Chair, three candidates for Directors-at-Large for those whose terms are expiring at the Annual Meeting, and one candidate for Regional Director from each Region. Each year, the Nominating Committee will establish and communicate to the Member Boards, a nominating schedule including any deadlines for the submission of names of candidates seeking to be nominated for any of the offices to be elected at the Annual Meeting. The Nominating Committee may waive the deadlines by a majority vote. The Nominating Committee will consider the submitted names of interested candidates when considering nominees and may also consider other qualified candidates when deemed appropriate by the Nominating Committee ~~submitted by any source~~. If the Vice Chair is unable to serve as Chair, then the Nominating Committee also shall nominate a candidate for Chair. The report of the Nominating Committee shall be submitted to the Chair and presented in accordance with the provisions of these bylaws.

7.23 Special Nomination for Vacancy of Vice Chair Position.

In the event of a vacancy in the Vice Chair position as described in Section 4.6.2, the Nominating Committee Chair shall promptly call a meeting of the Nominating Committee to nominate a candidate for Vice Chair. If administratively possible, the Vice Chair nominee will be presented with the other nominees for consideration at the Annual Meeting. If the timing is such that a vote cannot occur at the Annual Meeting, written ballots containing the name of the proposed candidate shall be sent promptly to the Presiding Officers of all Member Boards for voting as set forth in Section 6.7.

Section 7.2.4 Amendment of the Nominating Committee Report

The Nominating Committee in its sole discretion may reconsider and rescind said nomination with or without cause and nominate a different candidate. If said action would occur after the Nominating Committee's Report issued pursuant to Section 7.3.1 has been distributed with the notice of Annual Meeting as required in Section 7.3.2, then the Chair of the Nominating Committee may convene an emergency meeting of the Nominating Committee for the sole purpose of reconsidering, rescinding and replacing a Nominee for cause. Notice of this meeting will state that the meeting is being called to consider rescission of one or more nominations. Notwithstanding Section 7.2.1, for purposes of that meeting and that meeting only, one or more members or alternates of the Nominating Committee can participate without being physically present so long as a quorum is physically present. If the Nominating Committee votes to amend its Report, the Amended Nominating Committee Report shall be distributed to the Member Boards as soon as practicable. If the distribution of the Amended Report cannot occur more than 30 days prior to the annual meeting, then upon the written request of 5 or more Member Boards or upon the recommendation of the Nominating Committee, the election regarding any new nominee may be conducted in the same manner as provided in Section 7.2.3.

7.3 Nominations and Election Process.

7.3.1 At least 60 days preceding the date of the Annual Meeting of the Association, the Nominating Committee shall deliver to the Chair a report which shall include its Annual Nominations as described in Section 7.2.2.

7.3.2. The report shall be included with the notice of the Annual Meeting as described in Section 6.3, and shall be presented by the Nominating Committee during the Business Session at the Annual Meeting.

7.3.3 Nominations for any elected position, including a vacancy in the office of Vice Chair, may also be made by at least five Member Boards, if filed with the Chair at least 30 days prior to the Annual Meeting (or the due date set pursuant to Section 7.2.3 and Section 6.7 for the mail ballots for Vice Chair in the event of a vacancy).

7.3.4 No nominations from the floor or otherwise will be recognized.

7.3.5 A majority vote of the Member Boards represented during the Business Session at the Annual Meeting (or by mail ballots for Vice Chair) shall constitute an election, provided a quorum is met.

ARTICLE VIII – Committees, Task Forces and Boards

8.1 Standing Committees.

The standing committees of the Association shall include the Executive Committee, the Nominating Committee, the Administration and Finance Committee, the Audit Committee, the CPA Examination Review

Board and the Executive Directors Committee. Unless otherwise provided in these bylaws, the members and chairs of the standing and other committees or task forces are appointed by the Chair.

8.2 Executive Committee.

There shall be an Executive Committee composed of the Past Chair, the Chair, the Vice Chair, the Secretary and the Treasurer. The President shall serve as an *ex officio* non-voting member of the Executive Committee. The Executive Committee shall act for the Board of Directors between meetings of the Board. The Executive Committee (without the President) shall constitute the Compensation Committee. The Compensation Committee shall annually evaluate the performance and the compensation of the President. All actions taken by the Executive Committee and the Compensation Committee shall be presented to the Board of Directors for ratification at its next meeting.

8.3 Nominating Committee.

The election and duties of the Nominating Committee are described in Article VII. The Nominating Committee is not a committee of the Board of Directors.

8.4 Administration and Finance Committee.

The Administration and Finance Committee shall oversee and monitor the fiscal operations of the Association. The Treasurer shall serve as Chair of the Administration and Finance Committee.

8.5 Audit Committee.

The Audit Committee shall oversee the Association's annual financial statement audit and internal controls, and shall recommend to the Board of Directors the firm to perform the audit. The Audit Committee shall receive the annual audited financial statements and the auditor's report thereon, consider the items of internal accounting control that arise from the audit process, and make a recommendation regarding the annual audited financial statements and the auditor's report thereon, to the Board of Directors.

8.6 CPA Examination Review Board.

861 The CPA Examination Review Board ("ERB") shall: review, evaluate and report on the appropriateness of the policies and procedures utilized in the preparation, grading and administration of the Uniform CPA Examination and other examinations in general use by boards of accountancy for the licensing of certified public accountants; examine such records, and make such observations, inspections and inquiries as it deems necessary; and report annually to the boards of accountancy.

862 The Chair of the ERB may serve a two year term. During the first year of that term, the immediate past chair of the ERB will serve as Past Chair of the ERB. By the end of the first year of the ERB Chair's term, the Chair of the Board of Directors, subject to the approval of the Board of Directors, shall appoint a Vice Chair of ERB who will serve in the second year to the ERB Chair's term. A vacancy in the office of the Chair of the ERB shall be filled by the Vice Chair of the ERB. The Chair of the Board of Directors shall, subject to the approval of the Board of Directors, also appoint other members of the ERB. The Board by Resolution may establish the minimum number of ERB members, terms of service and a method to stagger the terms.

8.7 Other Committees and Task Forces.

The Chair or the Board of Directors may appoint such other Committees and Task Forces as they deem desirable. Membership on such Committees and Task Forces may include, in addition to Delegates and Associates, executive directors and other persons with special expertise. Task Forces within a Committee **may** be appointed by the Committee Chair, provided the Task Force members have already been appointed by the NASBA Chair to the Committee.

8.8 Executive Directors Committee.

There shall be an Executive Directors Committee. Its members shall be appointed by the NASBA Chair from the executive directors (or the highest-ranking staff member if another title is used by a State Board). The Executive Directors Committee shall operate pursuant to a Mission Statement developed by the Committee and approved by the Board of Directors. The Chair of the Executive Directors Committee shall serve as liaison to and as an *ex officio* non-voting member of the Board of Directors.

ARTICLE IX - Finances

9.1 Fiscal Year.

The fiscal year of the Association shall be from August 1 of one year to July 31 of the next succeeding year.

9.2 Dues.

The dues for each Member Board and for each Associate shall be determined by the Board of Directors and approved by the Member Boards at a regular Annual Meeting of the Association. The Board of Directors may waive, alter or amend unpaid dues of Member Boards. The dues of each Member Board shall be based on the number of persons regulated by that Member Board.

9.3 Other Fees.

The Board of Directors may establish such other fees for publications, programs and services as it shall deem appropriate, provided that no such fees or special assessments shall be levied if such fees or assessments impair the status of the Association under Section 501(c) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any successor law.

9.4 Audit.

The Board of Directors shall, for each fiscal year, appoint a licensed independent public accountant or licensed independent public accountants to express an opinion on the financial statements of the Association. The financial statements of the Association and the report of the auditor or auditors for each fiscal year shall be published for the information of the membership.

9.5 Contracts.

The Board of Directors may authorize the President, any Officer or Officers, agent or agents of the Association, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association and such authority may be general or confined to specific instances.

9.6 Checks, Drafts, etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such Officer or Officers, agent or agents of the Association and in such manner as shall from time to time be determined by the Board of Directors.

9.7 Indemnification.

The Association shall, to the fullest extent permitted under Delaware law, defend and/or indemnify any and all of its Directors or Officers or former Directors or Officers against expenses actually and reasonably incurred by them in connection with the defense of any action, suit or proceeding in which they or any of them are made parties, or a party, by reason of being or having been a Director or Officer of the Association.

9.8 Insurance.

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was an Officer, Director, President, committee member, or is serving at the request of the Association, against any liability incurred by such person in any such capacity, or arising out of that person's status as such, whether or not the Association would have the power to indemnify that person against such liability under this Article.

9.9 Dissolution.

The Association shall use its funds only to accomplish the purposes specified in these bylaws and no part of said funds shall inure, or be distributed, to the Member Boards of the Association. On dissolution of the Association, any funds remaining shall be distributed to one or more regularly organized and qualified charitable, education, scientific or philanthropic organizations to be selected by the Board of Directors.

ARTICLE X – Amendments

Any of these bylaws may be altered, amended or repealed, and new bylaws may be adopted by a two-thirds vote of Member Boards represented at any regular or special meeting by one or more Designated Voting Representatives, provided a quorum is present, and provided that the Member Boards approving such an amendment constitute a majority of the Member Boards of the Association. Proposed amendments to these Bylaws must be presented in writing to the Chair at least 60 days before the meeting at which they are to be voted upon; however, this requirement may be waived by the Chair or by a three-fourths vote of Member Boards represented at any regular or special meeting. Any amendments to these bylaws shall become effective on the first day following the Annual Business Meeting unless another day is specified.



National Association of State Boards of Accountancy

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July 29, 2021

Auditing Standards Board
American Institute of Certified Public Accountants (AICPA)
1345 Avenue of the Americas
New York, NY 10105

Via email: CommentLetters@aicpa-cima.com

Re: *Proposed Statements on Quality Management Standards – Quality Management: A Firm’s System of Quality Management and Engagement Quality Reviews*

Proposed Statement on Auditing Standards – Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards

Dear Members of the AICPA Auditing Standards Board (ASB):

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to offer comments on the *Proposed Statements on Quality Management Standards (SQMS) – Quality Management: A Firm’s System of Quality Management and Engagement Quality Reviews* and the *Proposed Statement on Auditing Standard (SAS) – Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards* (collectively, the Exposure Draft). NASBA’s mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy that regulate all Certified Public Accountants (CPAs) and their firms in the United States and its territories, which includes all audit, attest and other services provided by CPAs. State Boards are charged by law with protecting the public.

In furtherance of that objective, NASBA offers the following comments on the requests for comment for consideration as presented in the explanatory memorandum to the Exposure Draft.

PART 1: SQMS No. 1 – A New Approach Focus on Quality Management and the Components of the System of Quality Management

Request for Comment 1:

Respondents are asked to provide their views on the preceding changes. In addition, the ASB is seeking respondents’ views on whether the requirements in proposed SQMS No. 1 are clear and understandable and whether the application material is helpful in supporting the application of those requirements.

NASBA agrees in concept with the risk-based approach in the proposed standards and believes the changes will improve audit quality and benefit the public interest. However, we do have concerns about implementation. Our primary concern is that, without significant implementation guidance, firms may face significant challenges in applying these standards.

State Boards have the ultimate authority for regulating CPAs and their firms, and therefore need to ensure that firms of all sizes can implement the proposed quality management standards. In some cases, the cost of compliance may be prohibitive and force the smallest firms to exit the audit profession, which would not serve the public interest. In light of these concerns, we recommend the ASB consider whether it may be appropriate to modify certain elements of the proposed standards for the smallest firms.

PART 2: Scalability of SQMS No. 1

Request for Comment 2:

Respondents are asked to provide their views on the scalability of the new quality management approach. In addition, the ASB is seeking respondents' views on specific requirements in proposed SQMS No. 1 that may inhibit scalability and requirements for which additional application material regarding scalability would be helpful.

NASBA recommends more clarity and discussion around firm governance, the responsibility for quality management within the firm other than the engagement partner and how firm quality management oversight should be exercised, for example, by specifically identifying the responsibilities, authority and separation of quality management oversight from engagement teams. We also suggest the implementation guidance address whether an engagement quality review is an appropriate response to an assessed quality risk recognizing that a built-in bias and hesitation to identifying engagements as high risk may be present.

Adequate guidance and resources will be critical, particularly for the smaller firms. Guidance should highlight the areas of opportunity for scalability and provide clear examples that illustrate the application of the standards.

PART 3: SQMS No. 2

Request for Comment 3:

Respondents are asked to provide their views on the preceding changes. In addition, the ASB is seeking respondents' views on whether the requirements in proposed SQMS No. 2 are clear and understandable, and whether the application material is helpful in supporting the application of those requirements?

Our understanding is that the intent of paragraph 24.a. allows the firm to set policy and procedures so that, for example, the engagement quality review could be performed at the end of the

engagement. However, as currently written, Paragraph 24.a. appears to require engagement quality review at various points in time. We recommend clarification to the requirement.

Paragraphs 28 through 30 detail the documentation requirements for the engagement quality review. NASBA is concerned that the standard's documentation requirement may be more onerous than is needed for smaller, less complicated audits. We recommend the ASB consider whether the documentation requirement can be made more scalable for these engagements.

PART 4: QM SAS

Request for Comment 4:

Respondents are asked to provide their views on the preceding changes. In addition, the ASB is seeking respondents' views on whether the requirements in proposed QM SAS are clear and understandable, and whether the application material is helpful in supporting the application of those requirements?

We understand that requirements in the proposed QM SAS represent a shift from a more standardize quality control approach to a risk-assessment approach at the firm level, which will require significant effort to implement. In concept, we agree that risk-assessment approach is in the public interest. In practice, many firms rely on templated resources to help consider and document quality management, therefore, the shift to a more "free form," risk-based approach will likely be a heavy burden. NASBA suggests robust implementation guidance be available to help guide firms through the process.

PART 5: Effective Dates and Implementation Period

Request for Comment 5:

Respondents are asked to provide their views on whether the effective dates are clear.

NASBA believes that the effective dates of SQMS No. 1, SQMS No. 2 and the QM SAS are clear.

Request for Comment 6:

Respondents are asked to provide their views on whether an 18-month implementation period is appropriate. If that period is not appropriate, please explain why and what implementation period would be appropriate.

NASBA believes that the 18-month implementation period is appropriate for larger firms. However, we recommend the ASB bifurcate the effective dates of the proposed quality management standards between the larger and smaller firms. We recommend an additional 6 – 12 months for the smaller firms to implement the standards, which would provide them the opportunity for education and guidance from the experience of the larger firms and more time to plan for implementation.

PART 6: Other Issues for Consideration

Request for Comment 7:

Respondents are asked whether they agree that inspection of completed engagements by those involved in the engagements should be precluded in order to enhance audit quality. If not, please explain why and provide examples of safeguards that could lower the self-review threat to an acceptable level.

NASBA agrees that precluding engagement team members from inspecting completed engagements would enhance audit quality and be in the public interest.

Robust implementation guidance should help firms identify ways to comply with the requirement, for example, that an appropriately experienced individual (not necessarily a partner in the firm) may perform the review.

Request for Comment 8:

Respondents are asked for their views on whether a cooling-off period should be required before a former engagement partner can serve as an engagement quality reviewer on that engagement, and (a) if so, the appropriate length of the required cooling-off period, or (b) if not, please explain why and provide examples of safeguards that could lower the objectivity threat to an acceptable level.

NASBA believes that it is in the public interest to require a cooling-off period before a former engagement partner can perform an engagement quality review of that engagement. We believe that a two-year cooling off period, which is consistent with international standards, is a reasonable timeframe.

Request for Comment 9:

Respondents are asked for their views on whether the engagement quality review should be required to be completed before the report is dated, rather than before the report is released.

An engagement quality review could identify issues that might require additional audit procedures. Therefore, we believe that firms should complete the engagement quality review before the report is dated, rather than before the report is released, to allow the firm to complete those additional procedures prior to dating the report.

* * *

We appreciate the opportunity to comment on the Exposure Draft.

Very truly yours,

A handwritten signature in black ink, appearing to read "A. Carlos Barrera", with a long horizontal flourish extending to the right.

A. Carlos Barrera, CPA
NASBA Chair

A handwritten signature in black ink, appearing to read "Ken L. Bishop", with a long horizontal flourish extending to the right.

Ken L. Bishop
NASBA President and CEO

**Individual and firm license activity
September 22, 2021**

<i>Fiscal Period</i>	Period ending 9/22/2021	Period ending 9/30/2020	Period ending 6/30/2021	Year ending 6/30/2020	Year ending 6/30/2019
REGULANTS					
Individuals					
Active, licensed CPAs	27,035	27,021	26,715	26,666	26,282
Inactive, licensed CPAs	2,073	1,961	2,033	1,915	1,784
Total Licensed CPAs	29,108	28,982	28,748	28,581	28,066
Out-of-state licensees	9,718	8,766	9,572	8,935	8,435
Reinstatements - Individuals	97	47	170	170	162
New CPA licenses issued	258	292	1,069	1,241	1,133
Expired/voluntarily surrendered licenses	4	17	119	861	871
Exam Candidates					
Number of first time exam candidates	251	321	1,193	1,673	1,624
Firms					
Total Active, licensed CPA firms	1,146	1,167	1,125	1,157	1,126
Reinstatements - Firms	10	2	8	8	10
New CPA firm licenses issued	8	12	38	37	38
Expired/voluntarily surrendered licenses	0	3	12	81	79

Financial Report
FY22 Budget vs. Actual Expenses
As of August 31, 2021

		FY22 Operating Budget	FY22 YTD Expenditures	% Expended	FY21 YTD Expenditures	FY20 YTD Expenditures	FY19 YTD Expenditures
Salaries & Benefits							
1123	Salaries	1,051,533	165,419	15.7%	844,009	879,646	832,200
11XX	Benefits	460,631	76,574	16.6%	352,058	429,238	343,725
Total Salaries & Benefits		\$ 1,512,164	\$ 241,992	16.0%	\$ 1,196,067	\$ 1,308,884	\$ 1,175,925
Contractual Services							
1211	Express Services	150	-	0.0%	33	84	134
1214	Postal Services	15,500	6,815	44.0%	14,576	12,011	9,984
1215	Printing Services	7,500	3,456	46.1%	3,208	6,459	4,537
1216	Telecommunications - VITA	11,040	1,898	17.2%	10,921	9,609	12,539
1217	Telecommunications - Nonstate (CallFire)	2,000	-	0.0%	1,530	2,495	100
1219	Inbound Freight	300	-	0.0%	22	260	56
1221	Organization Memberships (primarily NASBA)	8,851	1,080	12.2%	7,674	8,327	7,625
1222	Publication Subscriptions	3,658	72	2.0%	3,655	3,655	1,271
1224	Training - Courses, Workshops, Conferences	7,561	1,704	22.5%	763	7,563	4,822
1225	Employee Tuition Reimbursement	-	-	---	-	-	1,618
1227	Training-Transportation, Lodging, Meals, Incidentals	13,000	1,798	13.8%	-	9,511	4,567
1228	Employee IT Training Courses/Workshops and Conferences	-	-	---	-	-	91
1242	Fiscal Services (Credit Card Merchant Fees)	60,000	2,596	4.3%	47,123	68,818	34,498
1243	Attorney Services	28,000	12,867	46.0%	26,217	48,624	62,020
1244	Mgmt. Services - NASBA/special accommodations	34,000	1,070	3.1%	9,012	28,061	33,808
1245	Personnel Management Services	-	-	---	-	-	79
1246	Public Info/Public Relations (subscriptions)	385	384	99.7%	439	4,484	3,470
1247	Legal Services (court reporting services)	5,500	381	6.9%	11,460	2,688	10,834
1252	Electrical Repair/Maintenance	-	-	---	3,681	-	-
1253	Equipment Repair/Maintenance	-	-	---	-	440	823
1264	Food and Dietary Services	3,500	130	3.7%	1,127	2,377	3,585
1265	Laundry & Linen Services	-	-	---	-	-	13
1266	Manual Labor Services (Includes shredding services)	1,500	-	0.0%	1,410	1,757	320
1268	Skilled Services	1,200	-	0.0%	-	600	1,138
1272	VITA - System Hosting, Maintenance, and Admin	295,680	18,540	6.3%	320,442	135,675	133,466
1272	VITA - Shared ISO Audit Services	17,405	-	0.0%	-	-	-
1272	VITA - ECOS fees	4,800	-	0.0%	-	-	-
1272	VITA - System Reporting Tool (implementation and training)	6,800	-	0.0%	-	-	-
1273	Info Mgmt Design and Development Services (IT Support)	38,000	16,090	42.3%	230,725	108,689	108,923
1275	Computer Software Maintenance (website hosting)	6,830	1,680	24.6%	7,235	6,435	-
1278	VITA Information Technology Infrastructure Services	55,200	3,924	7.1%	57,838	148,216	146,380
1279	Computer Software Development Services	-	-	---	-	-	234,015
1282	Travel - Personal Vehicle	5,500	139	2.5%	962	6,318	6,603
1283	Travel - Public Carriers	-	-	---	-	-	77
1284	Travel - State Vehicles	1,000	-	0.0%	-	243	200
1285	Travel - Subsistence and Lodging	1,500	-	0.0%	-	1,221	1,612
1288	Travel, Meal Reimburse - Not IRS Rpt	1,000	-	0.0%	-	723	824
Total Contractual Services		\$ 637,360	\$ 74,622	11.7%	\$ 760,054	\$ 625,343	\$ 830,032
Supplies and Materials							
1312	Office Supplies	2,500	106	4.2%	904	1,191	3,783
1313	Stationery and Forms	1,800	404	22.4%	644	997	1,844
1323	Gasoline (Enterprise vehicles)	250	-	0.0%	-	87	103
1335	Packaging and Shipping Supplies	800	-	0.0%	720	351	1,237
1342	Medical & Dental Supplies	50	-	0.0%	30	-	5

	FY22 Operating Budget	FY22 YTD Expenditures	% Expended	FY21 YTD Expenditures	FY20 YTD Expenditures	FY19 YTD Expenditures
<u>Supplies and Materials, continued</u>						
1352 Custodian Repair & Maintenance	-	-	---	14	728	-
1362 Food & Dietary Supplies	500	9	1.7%	107	442	365
1363 Food Service Supplies	50	170	340.8%	35	16	56
1373 Computer Operating Supplies	2,500	-	0.0%	1,236	823	3,989
Total Supplies & Materials	\$ 8,450	\$ 689	8.2%	\$ 3,689	\$ 4,634	\$ 11,382
<u>Transfer Payments</u>						
1413 Awards & Recognition	150	-	0.0%	343	-	1,033
1415 Unemployment Compensation	-	-	---	216	-	-
1418 Incentives	1,300	-	0.0%	-	725	325
Total Transfer Payments	\$ 1,450	\$ -	0.0%	\$ 559	\$ 725	\$ 1,358
<u>Continuous Charges</u>						
1512 Automobile Liability Insurance	231	-	0.0%	231	231	231
1516 Property Insurance	1,224	-	0.0%	1,224	1,224	1,224
1534 Equipment Rentals	12,137	-	0.0%	8,099	8,133	8,507
1539 Building Rentals - Non-State Owned Facilities	97,997	16,224	16.6%	95,005	95,161	93,416
1541 Agency Service Charges (shared services)	53,383	-	0.0%	52,373	37,675	37,335
1551 General Liability Insurance	328	-	0.0%	328	328	188
1554 Surety Bonds	40	-	0.0%	40	40	40
1555 Worker's Compensation	1,094	-	0.0%	1,094	1,023	1,044
Total Continuous Charges	\$ 166,434	\$ 16,224	9.7%	\$ 158,394	\$ 143,815	\$ 141,985
<u>Equipment</u>						
2216 Network Components	1,600	-	0.0%	877	1,357	452
2217 Other Computer Equipment	200	-	0.0%	130	97	1,590
2218 Computer Software Purchases	-	-	---	50	428	419
2224 Reference Equipment	-	-	---	-	-	32
2233 Voice and Data Transmission Equipment	-	-	---	969	23	511
2238 Electronic and Photo Equipment Improvements	-	-	---	-	-	3,791
2261 Office Appurtenances (Blinds, Carpet, etc.)	-	-	---	-	687	348
2262 Office Furniture	-	-	---	-	385	5,666
2263 Office Incidentals	500	-	0.0%	345	658	109
2264 Office Machines	-	-	---	-	-	412
2283 Mechanical Equipment	-	-	---	-	2,338	-
2328 Construction, Building Improvements	-	-	---	150	44,209	-
Total Equipment	\$ 2,300	\$ -	0.0%	\$ 2,521	\$ 50,182	\$ 13,330
Total Expenses	\$ 2,328,158	\$ 333,527	14.3%	\$ 2,121,284	\$ 2,133,583	\$ 2,174,012
Chapter 552 Appropriation	\$ 2,328,158					

Virginia Board of Accountancy Cash Balance Report

	Operating Fund		Trust Fund	
	FY2022	FY2021	FY2022	FY2021
	As of 8/31/21	As of 8/31/20	As of 8/31/21	As of 8/31/20
Beginning Fund Balance July 1	\$ 2,473,711	\$ 1,915,719	\$ 3,157,427	\$ 3,617,992
YTD Revenue Collected	94,539	81,205	-	-
Interest earnings*	-	-	-	-
Accounts Payable **	12,867	9,400	-	-
Cash Transfers In per Board Policy #1	-	481,940	177,280	-
Cash Transfers Out per Board Policy #1	(177,280)	-	-	(481,940)
YTD Expenditures	(333,527)	(386,098)	-	-
Cash Balance	\$ 2,070,309	\$ 2,102,166	\$ 3,334,707	\$ 3,136,052
Required Cash Transfers:				
Transfers to Central Service Agencies ***	\$ (13,366)	\$ (13,366)	-	-
Cash Balance after required transfers	\$ 2,056,943	\$ 2,088,800	\$ 3,334,707	\$ 3,136,052

* 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 effective FY2016. Interest Earnings had 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.

*** Non-general fund Transfers required by Virginia Acts of Assembly Part 3-1.01F for expenses incurred by central service agencies due on or before June 30.

**Virginia Board of Accountancy
Revenue by Fee Type Report**

Fee Type	FY2022 - YTD as of 8/31/21	FY2021 - YTD as of 8/31/20	Fiscal Year Ending 6/30/21	Fiscal Year Ending 6/30/20	Fiscal Year Ending 6/30/19
Application Fee	\$ 37,250	\$ 41,085	\$ 237,030	\$ 271,705	\$ 300,895
(a) Re-Exam Application	14,040	14,200	83,420	80,240	95,420
(b) Renewal Fee	660	33,345	1,824,315	1,824,475	2,328,986
Reinstatement Fee	38,600	18,700	63,150	63,500	63,600
Duplicate Wall Certificate Fee	325	125	1,700	1,800	1,850
License Verification Fee	3,575	2,900	16,625	16,175	18,950
CPA Exam Score Transfers	225	250	1,325	1,750	1,950
Administrative Fee	44	-	646	-	-
Bad Check Fee	-	-	50	313	50
Total Revenue	\$ 94,719	\$ 110,605	\$ 2,228,261	\$ 2,259,958	\$ 2,811,701
(c) Net Revenue per Cardinal	\$ 94,539	\$ 81,205	\$ 2,199,041	\$ 2,220,553	\$ 2,870,760
(d) Difference	\$ 180	\$ 29,400	\$ 29,220	\$ 39,405	\$ (59,059)

NOTES:

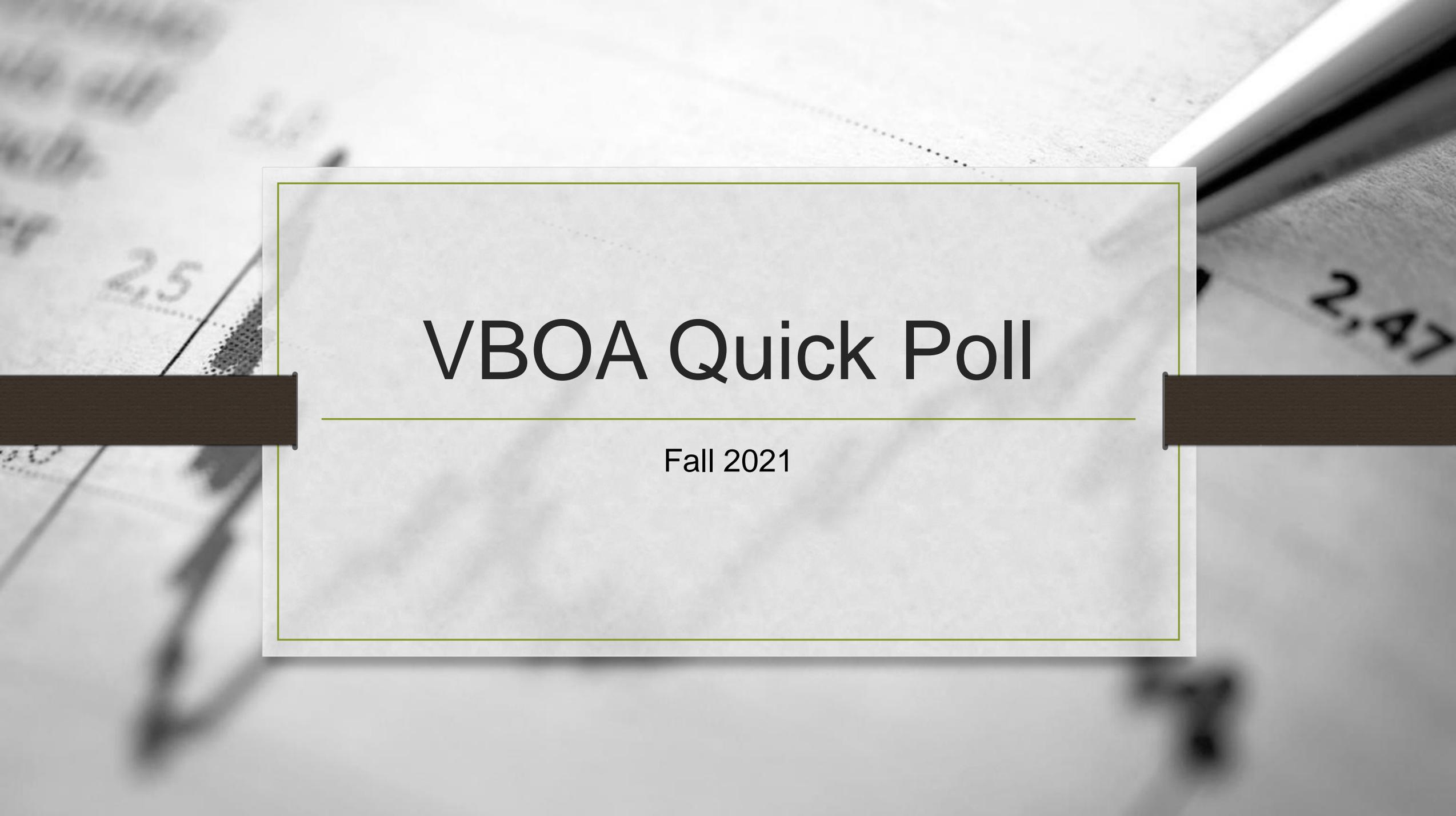
- (a) Effective January 5, 2016, VBOA implemented the Re-Exam Application fee.
- (b) Renewal Fee also includes associated late fees prior to FY19.
- (c) Net Revenue per Cardinal reported above includes only revenue received from regulatory fees.
- (d) Revenue Totals from the VBOA Licensing System (MLO) will not always match Revenue collected and reported on the VBOA Cash Report (Cardinal), due to timing differences in dates transactions are posted into each system and pending adjustments.

**Virginia Board of Accountancy
Financial Report
Accounts Receivable Report**

	FY2022 - YTD as of 8/31/21	FY2021 - YTD as of 8/31/20	Fiscal Year Ending 6/30/21	Fiscal Year Ending 6/30/20	Fiscal Year Ending 6/30/19
Fines levied	\$ 6,625	\$ 33,425	\$ 128,042	\$ 107,725	\$ 221,273
Fines collected	\$ 8,005	\$ 29,952	\$ 138,947	\$ 112,760	\$ 191,199
Outstanding Current fines receivable (< 365 Days)	\$ 29,085	\$ 41,975	\$ 29,041	\$ 49,975	\$ 60,230
Outstanding Written-off receivables (=> 365 Days)	\$ 667,918	\$ 670,785	\$ 669,342	\$ 659,313	\$ 654,093

NOTE:

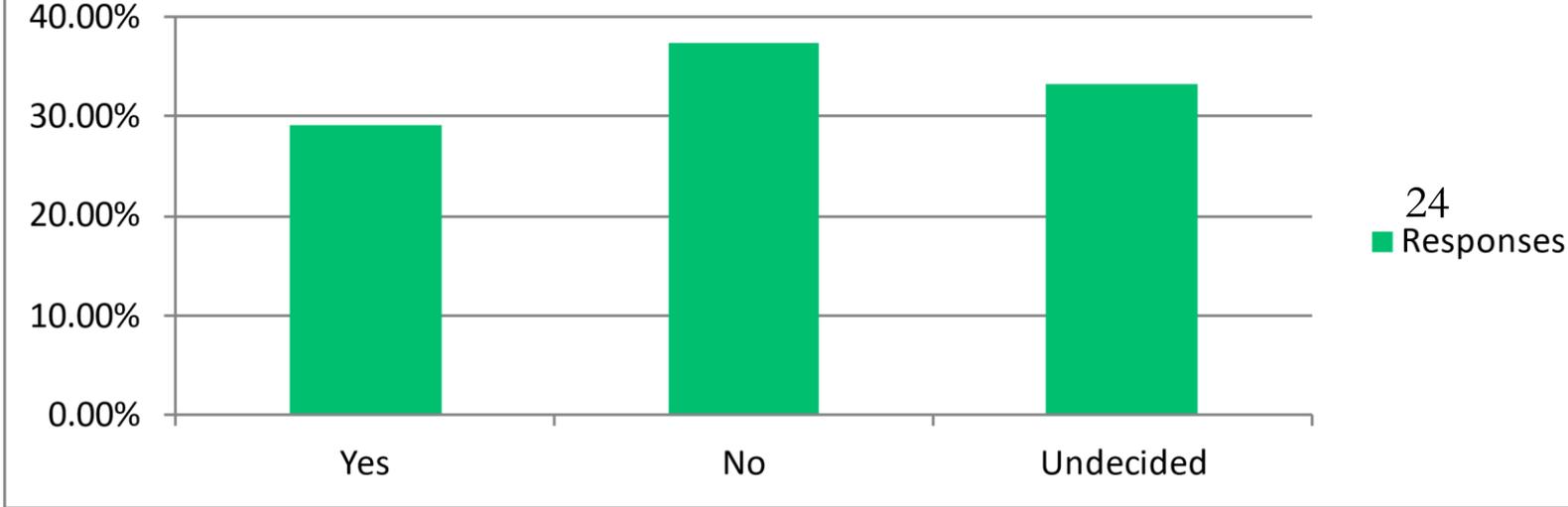
All accounts uncollected after one year are deemed uncollectible, are written off of the VBOA's financial account records, and are no longer recognized receivables for financial reporting purposes; however, the legal obligation to pay the debt still remains.

The background features a blurred document with a line graph. The graph has a dotted trend line and a solid line. Numerical values like '2.5' and '2.47' are visible on the graph. A white pen is positioned in the upper right corner. A central white box with a thin green border contains the main text.

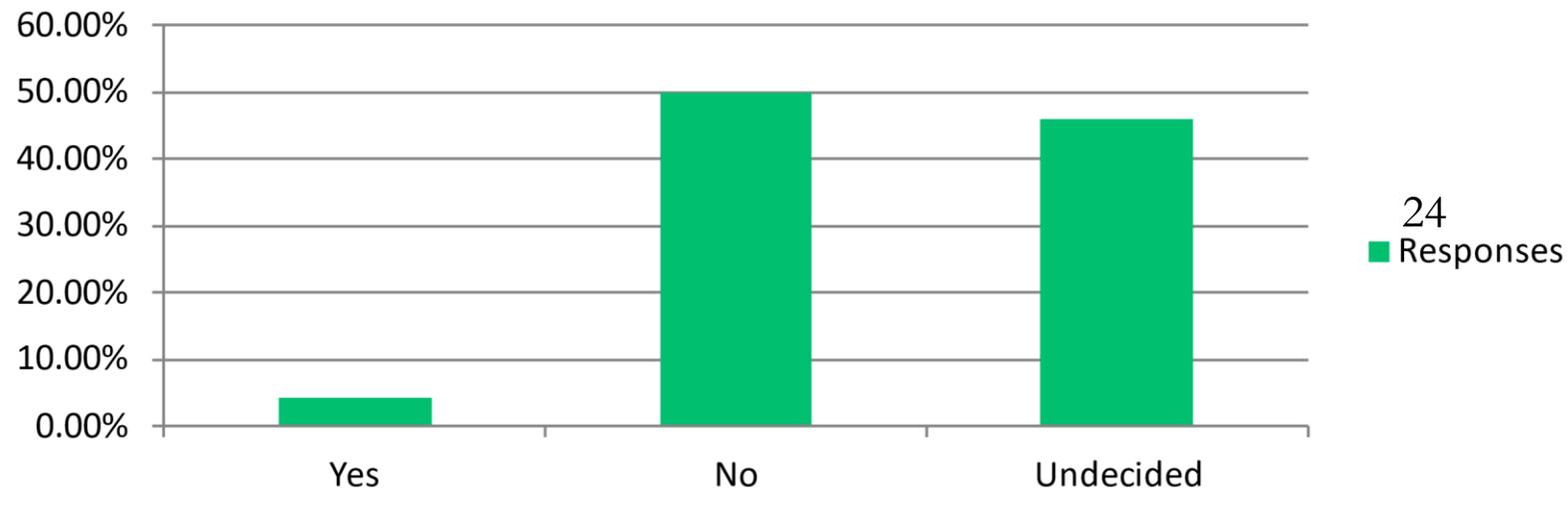
VBOA Quick Poll

Fall 2021

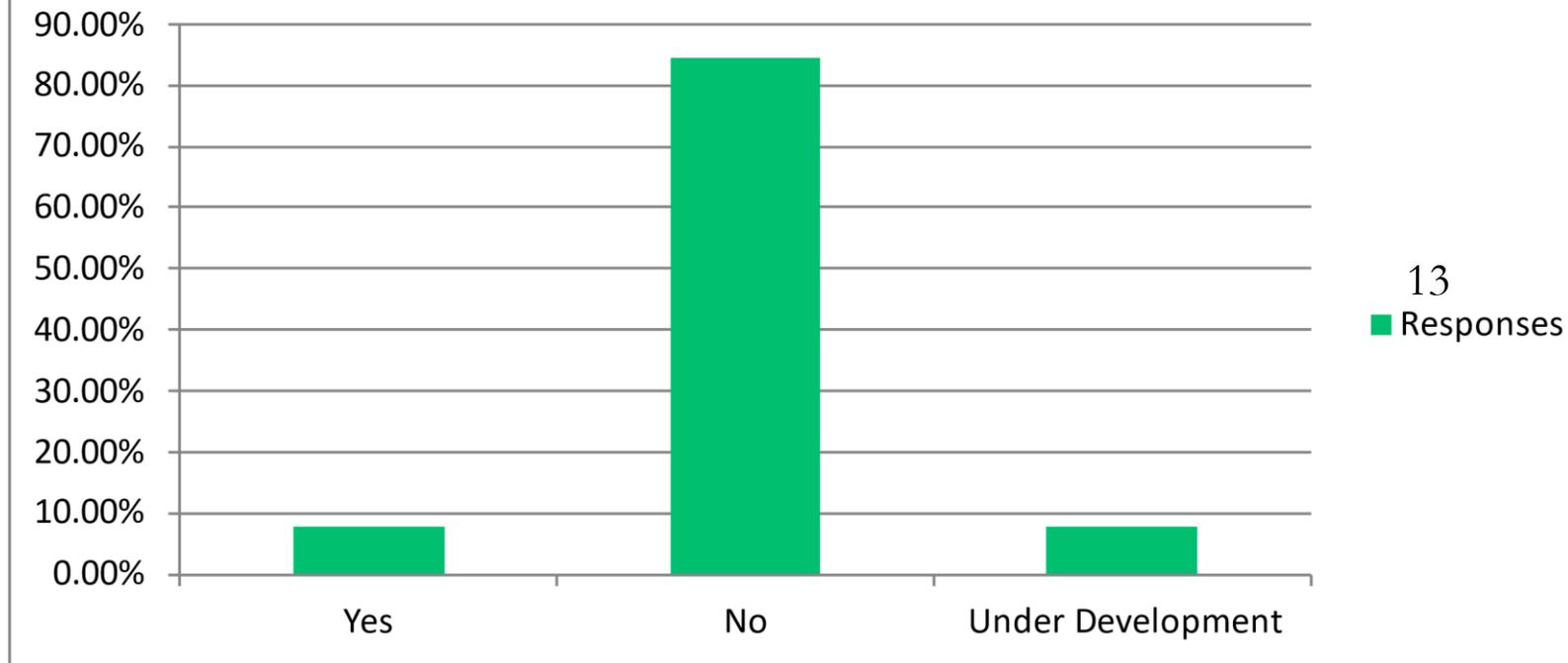
Based on the updated UAA Model Rule and consideration of the CPA Evolution Initiative, is your board going to require a Cost or Managerial course as part of your core education requirements?



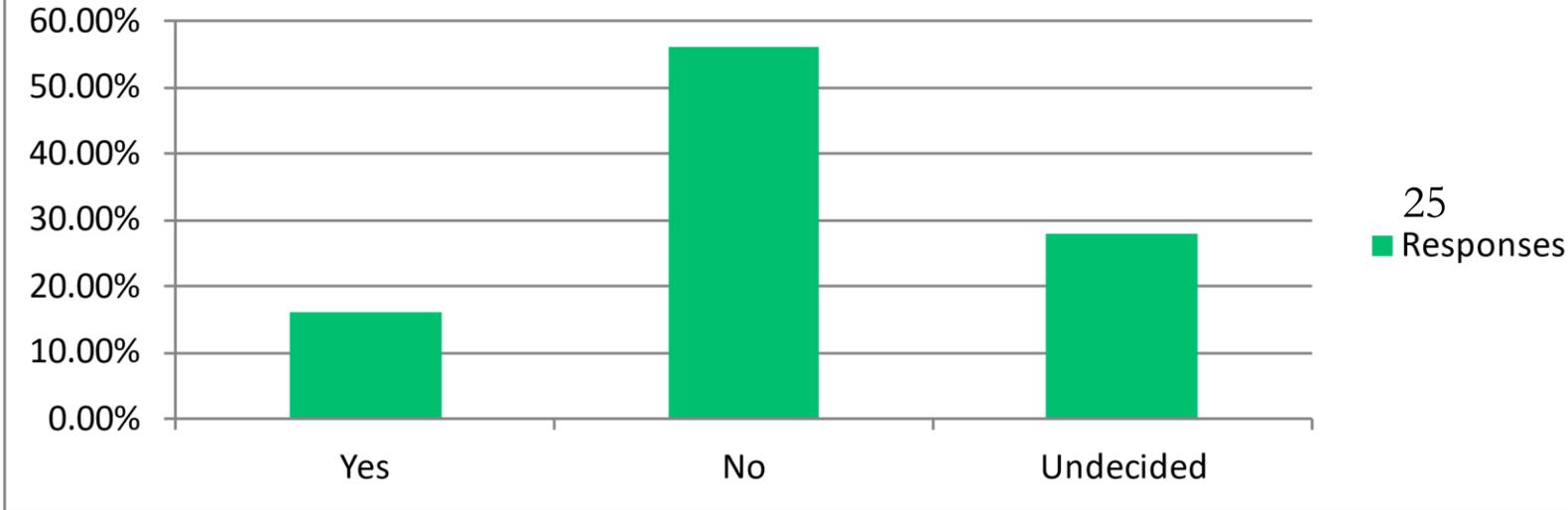
Based on the updated UAA Model Rule and consideration of the CPA Evolution Initiative, is your board going to require an Accounting Analytics course as part of your core education requirements?



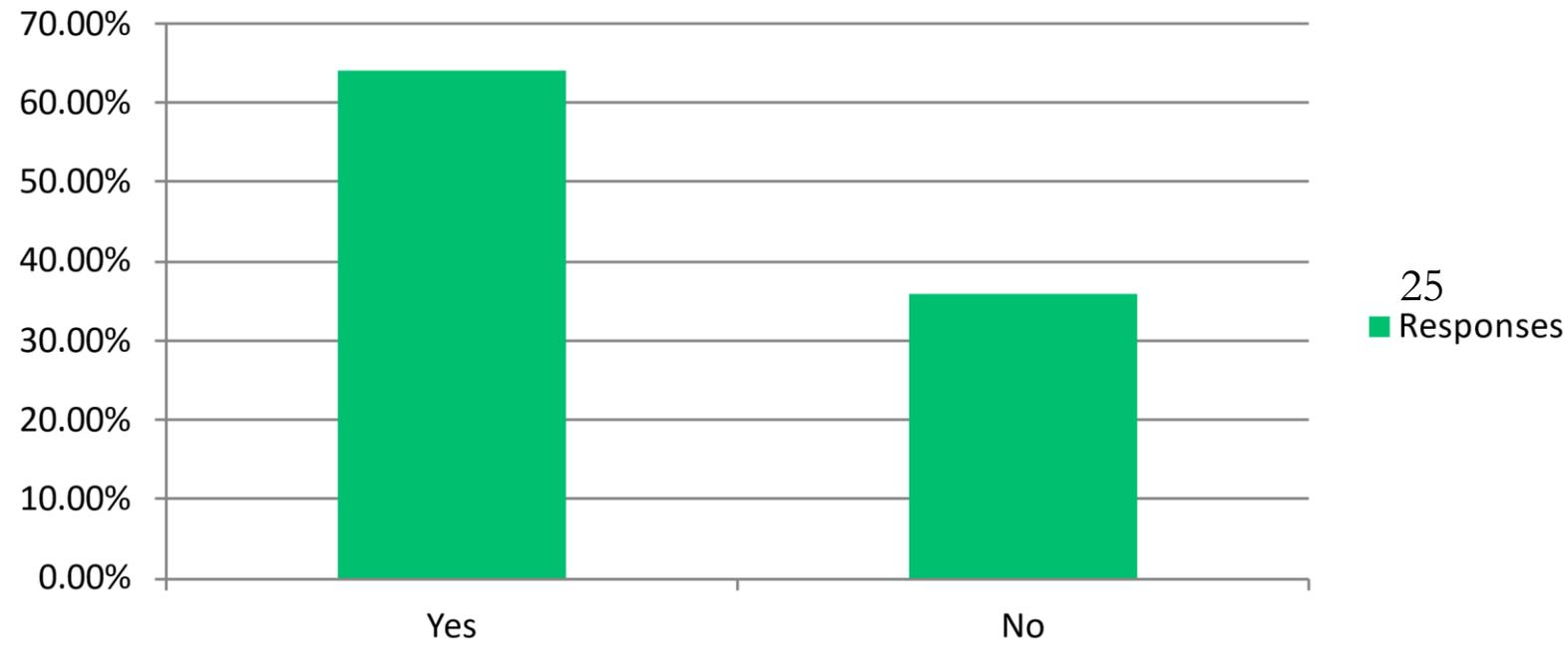
If yes, do you have criteria to use when reviewing and defining Accounting Analytics courses?



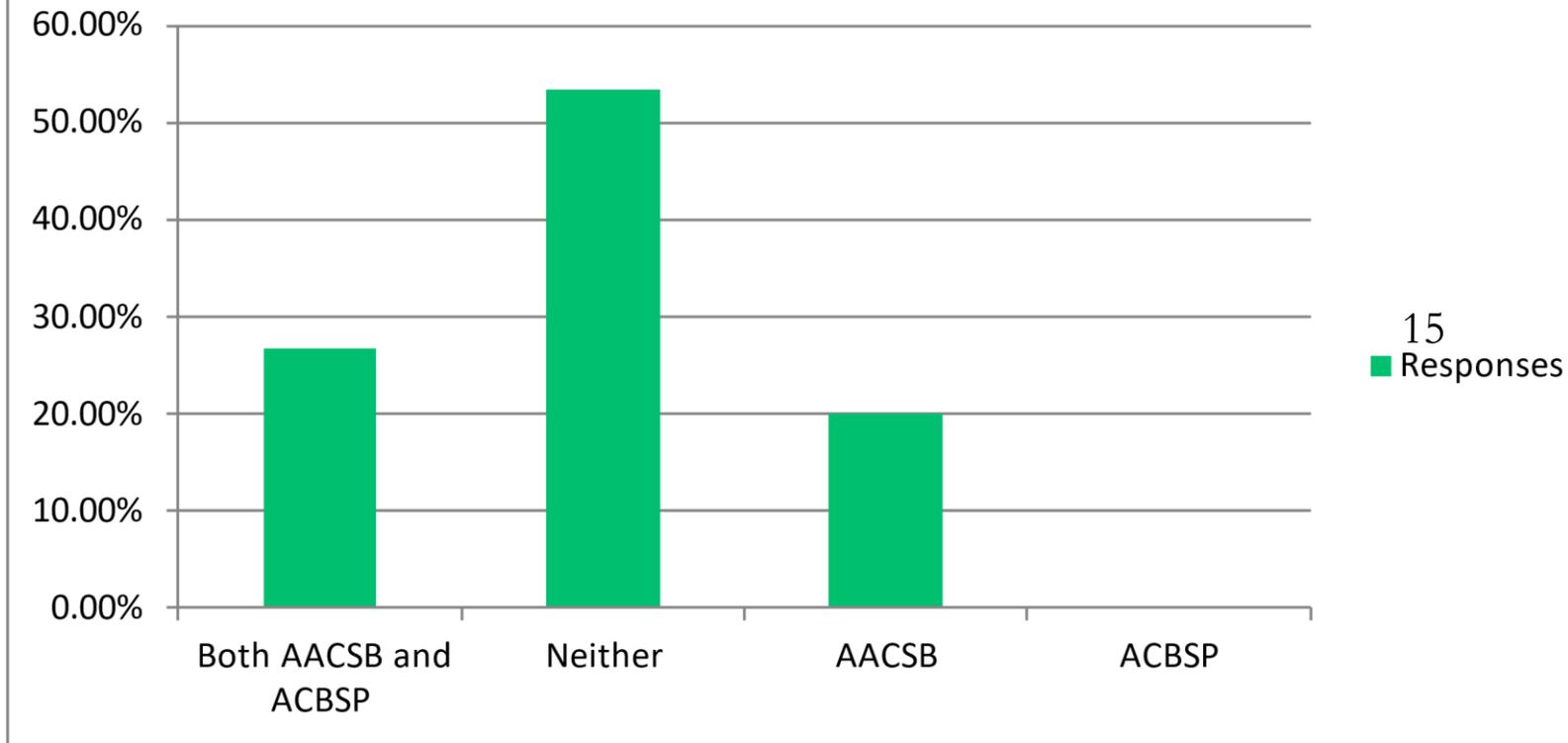
Based on the updated UAA Model Rule, is your board going to require three (3) semester credit hours of an accounting or business course in ethics as part of your core education requirements?



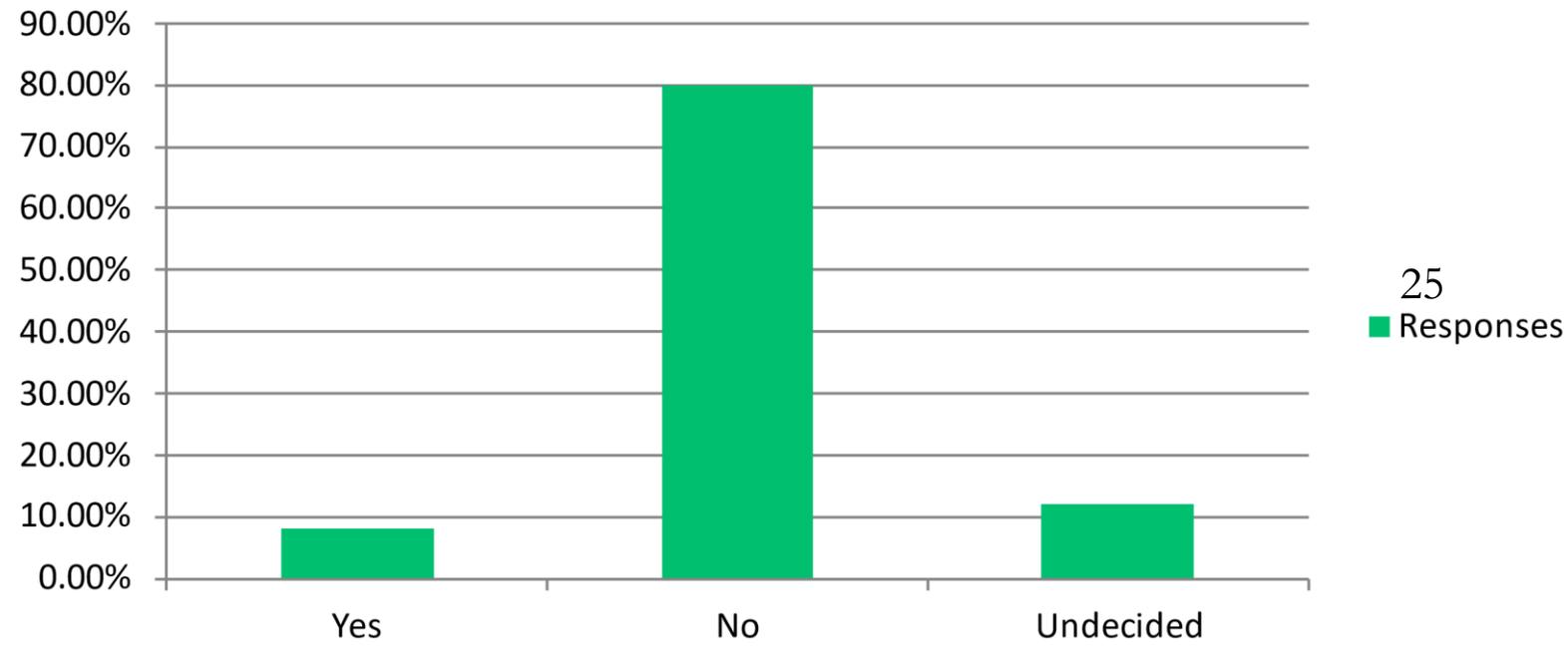
Are the accrediting organizations deemed acceptable to your board specifically named in your statutes and regulations?



If yes, do they include AACSB and ACBSP?



Is your board discussing or developing changes to your accreditation policies and/or processes?





VBOA Exceptions to Standards and Guidelines

All must be supported with documentation

The standard language used when a licensee or candidate requests consideration of extraordinary circumstances.

Exceptions, waivers or deferrals are considered only in extraordinary circumstances such as extreme medical hardship, death in the immediate family, or active military deployment. While such approvals are rare, you can request an exception, waiver or deferral, if appropriate. If such a request is made, supporting documentation is required.

Other Possible Considerations but documentation is still required

- Natural disasters (wildfires, floods, earthquakes, etc.)

Common requests

- CPE waivers (waivers of all CPE requirements is rare)
- CPE guideline leniency. Based on specific circumstances and supported by documentation.

Not acceptable – inability to access documents from former employer, etc. Employer will not reimburse, or regular life events

Less Common Requests

(Exceptions have typically been rare, but during the COVID pandemic more common)

- Renewal Exceptions – documented technical difficulties
- Notice to Schedule Extensions (Expire in 12 months)
- CPA exam credit extensions (Expire in 18 months)

CPE Violation Penalties

Guidelines

Approved June 24, 2021

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 (“VBOA”) Enforcement Division staff. A “case” as used in the guidelines below includes both failed CPE compliance reviews and disciplinary investigations where CPE deficiencies are discovered.

These guidelines are intended to serve as an aid in assigning appropriate penalties for CPE violations.

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.” All monetary penalties and CPE hours due under this chart must be submitted to the VBOA within ninety (90) days of the entry date of the Consent Order.

Deficiency

Deficient < 10 hours in a reporting period (other than ethics and/or A&A)

Deficient 10–20 hours in a reporting period

	1st Case (self-report)	1st Case (all others)	2nd Case (all)	3rd Case (all)
Deficient < 10 hours in a reporting period (other than ethics and/or A&A)	<ul style="list-style-type: none"> • Advisory Letter 	<ul style="list-style-type: none"> • Reprimand 	<ul style="list-style-type: none"> • \$500 monetary penalty • Must make up deficient CPE for each year of reporting period, 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 	<ul style="list-style-type: none"> • \$750 monetary penalty • Suspension of license for 1 year • Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement
Deficient 10–20 hours in a reporting period	<ul style="list-style-type: none"> • \$250 monetary penalty • Must make up deficient CPE for each year of reporting period, 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 	<ul style="list-style-type: none"> • \$500 monetary penalty • Must make up deficient CPE for each year of reporting period, 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 	<ul style="list-style-type: none"> • \$750 monetary penalty • Suspension of license for 1 year • Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement 	<ul style="list-style-type: none"> • \$1,000 monetary penalty • Suspension of license for 1 year • Revocation of license • May apply for reinstatement no sooner than 5 years after date of disciplinary action • Must come before the VBOA to be considered for reinstatement • Subject to CPE compliance review for subsequent 3-

Deficiency

Deficient 20.1–40 hours in a reporting period

1st Case (self-report)

- \$500 monetary penalty
- Must make up deficient CPE for each year of reporting period, 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)

- \$750 monetary penalty
- Must make up deficient CPE for each year of reporting period, 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)

- \$1,000 monetary penalty
- Suspension of license for 1 year
- 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 VBOA to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

Deficient 40.1–90 hours in a reporting period

- \$625 monetary penalty
- Must make up deficient CPE for each year of reporting period, 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

- \$875 monetary penalty
- Must make up deficient CPE for each year of reporting period, 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

- \$1,125 monetary penalty
- Suspension of license for 1 year
- 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 VBOA to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

Deficiency

Deficient > 90 hours in a reporting period

1st Case (self-report)

- \$750 monetary penalty
- Must make up deficient CPE for each year of reporting period, 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)

- \$1,000 monetary penalty
- Suspension of license for 1 year
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

2nd Case (all)

- \$2,000 monetary penalty
- Suspension of license for 3 years
- Must come before the VBOA to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

3rd Case (all)

- \$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 VBOA 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.” All monetary penalties and CPE hours due under this chart must be submitted to the VBOA within ninety (90) days from the entry date of the Consent Order.

Deficiency	1st Case (self-report)	1st Case (all others)	2nd Case (all)	3rd Case (all)
Failure to take VBOA-approved ethics course only in any given calendar year(s)	<ul style="list-style-type: none"> • Reprimand 	<ul style="list-style-type: none"> • \$250 monetary penalty 	<ul style="list-style-type: none"> • \$500 monetary penalty 	<ul style="list-style-type: none"> • \$750 monetary penalty
Failure to meet the annual minimum 20 CPE hours in any given calendar year(s)	<ul style="list-style-type: none"> • Reprimand 	<ul style="list-style-type: none"> • \$250 monetary penalty 	<ul style="list-style-type: none"> • \$500 monetary penalty 	<ul style="list-style-type: none"> • \$750 monetary penalty
Failure to take 8 hours of Auditing and Attestation in any given calendar year(s)	<ul style="list-style-type: none"> • Reprimand • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement 	<ul style="list-style-type: none"> • \$250 monetary penalty • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement • (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 	<ul style="list-style-type: none"> • \$750 monetary penalty • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement • (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 	<ul style="list-style-type: none"> • \$1,250 monetary penalty • (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
Failing to meet any CPE requirement for a given calendar year or for the reporting period	<ul style="list-style-type: none"> • Submit proof of completion of the current year’s VBOA-approved ethics course 	<ul style="list-style-type: none"> • Submit proof of completion of the current year’s VBOA-approved ethics course 	<ul style="list-style-type: none"> • Submit proof of completion of the current year’s VBOA-approved ethics course 	<ul style="list-style-type: none"> • Submit proof of completion of the current year’s VBOA-approved ethics course

Deficiency	1st Case (self-report)	1st Case (all others)	2nd Case (all)	3rd Case (all)
Failure to respond within to audit notification 30 days prior to enforcement action and/or False certification of CPE compliance during renewal process – deficiency >60 hours	• \$ 100 <u>250</u> monetary penalty	• \$ 100 <u>300</u> monetary	• \$ 200 <u>350</u> monetary	• \$ 300 <u>400</u> monetary
Failure to update mailing or email address	• \$100 monetary penalty	• \$100 monetary penalty	• \$200 monetary penalty	• \$300 monetary penalty
Failure to comply with terms and conditions of VBOA disciplinary action	<ul style="list-style-type: none"> • Suspension of license • Must come before the VBOA to be considered for reinstatement 	<ul style="list-style-type: none"> • Suspension of license • Must come before the VBOA to be considered for reinstatement 	<ul style="list-style-type: none"> • Suspension of license • Must come before the VBOA to be considered for reinstatement 	<ul style="list-style-type: none"> • Suspension of license • Must come before the VBOA to be considered for reinstatement
Failure to respond at all to a CPE compliance review	• Proceeding under Code of Virginia § 2.2-4019	• Proceeding under Code of Virginia § 2.2-4019	• Proceeding under Code of Virginia § 2.2-4019	• Proceeding under Code of Virginia § 2.2-4019

GOAL: Enforcement Process

Board members: Bill Brown, Barclay Bradshaw and Wendy Lewis

S	Specific	Create timeline benchmarks for each milestone within the enforcement life cycle. Ensure the system upgrade includes ability to track the completion of milestones and compare to the established benchmarks.
M	Measurable	Fairly automated report is delivered to the Board for review.
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	1. Identify enforcement life cycle: August 2021/completed 2. Comparing the life cycle to the benchmarks: October 2021 3. Demo of tracking tool: January 2022 4. Functioning tracking tool to use: June 2022

Status Update

Status Date	September 30, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	Yes
Unresolved Significant Risks/Contingencies	None
Resources Needed	None
Board Decisions Needed	None
Significant Actions Completed	Discussion comparing the life cycle to the benchmarks during Sept. 30, 2021, Board meeting.
Significant Actions Not Completed	

GOAL: Peer Review Enforcement

Board members: Nadia Rogers and Barclay Bradshaw

S	Specific	Create and automate a process that will identify firms who should be enrolled in peer review and an enforcement process for those who are not enrolled and/or are enrolled but receiving subpar results or untimely submissions. Develop a communications plan to inform firms.
M	Measurable	Execute the automatic monitoring
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	March 2022

Status Update

Status Date	September 30, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	Yes
Unresolved Significant Risks/Contingencies	none
Resources Needed	none
Board Decisions Needed	none
Significant Actions Completed	none
Significant Actions Not Completed	none

GOAL: Education Accreditation

Board members: Nadia Rogers and Wendy Lewis

S	Specific	Continue to assess the impact of the model rules in the statutes, VBOA regulations and VBOA polices as it relates to accreditation.
M	Measurable	Upon implementation and approved in statutes, VBOA regulations and VBOA Policy
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	Draft in May 2022

Status Update

Status Date	September 30, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	Yes
Unresolved Significant Risks/Contingencies	none
Resources Needed	none
Board Decisions Needed	none
Significant Actions Completed	none
Significant Actions Not Completed	none

GOAL: Education for Licensure

Board members: Nadia Rogers and Wendy Lewis

S	Specific	Consider the impact of the Model Curriculum, Practice Analysis, and Blueprint on VBOA regulations, VBOA Policy, and the VBOA Education Handbook (i.e., additional 30 credit hours required for CPA licensure). Once decided, include outreach and communications of the VBOA decisions.
M	Measurable	Upon implementation and approved in VBOA regulations, VBOA Policy and VBOA Education Handbook
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	Education guidelines and Education Handbook: Draft in May 2022

Status Update

Status Date	September 30, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	yes
Unresolved Significant Risks/Contingencies	none
Resources Needed	none
Board Decisions Needed	none
Significant Actions Completed	none
Significant Actions Not Completed	none

GOAL: Education for Exam

Board members: Nadia Rogers and Wendy Lewis

S	Specific	Consider the impact of the model curriculum, Practice Analysis, and Blueprint on VBOA regulations, VBOA Policy, and VBOA education guidelines (i.e., composition of the 24 credit hours of upper-level accounting and 24 credit hours of business courses). Once decided, include outreach and communications of the VBOA decisions, while considering the model curriculum and practice analysis.
M	Measurable	Upon implementation and approved in VBOA regulations, VBOA Policy and VBOA Education Handbook
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	Interim updates to VBOA Education guidelines and Education Handbook to reflect acknowledgement of CPA Evolution: Draft, review and approved in August 31, 2021, Board meeting. Draft communications plan available in October 2021. Draft updates to VBOA regulation, Policy, Education Handbook following release of Practice Analysis and Blueprint for public comment in mid-2022: August 2022. Final updates to VBOA regulation, Policy, Education Handbook following Practice Analysis and Blueprint: February 2023. Communications plan available: April 2023. *Continuous assessment throughout evolution is imperative

Status Update	
Status Date	September 30, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	yes
Unresolved Significant Risks/Contingencies	Draft model curriculum and draft transition plan released, June 2021, by NASBA and AICPA.
Resources Needed	none
Board Decisions Needed	none
Significant Actions Completed	Draft communications plan discussed at Sept. 30, 2021, Board meeting.
Significant Actions Not Completed	none

GOAL: CPE Credits

Board members: Nadia Rogers and Laurie Warwick

S	Specific	Updating existing VBOA Policy (and VBOA regulations, if necessary) by adding a standardized formula for awarding CPE for publications, presentations, professional designations/exams, and training programs.
M	Measurable	Through a developed standardized formula and approved by the Board.
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	December 2021

Status Update

Status Date	September 30, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	Yes
Unresolved Significant Risks/Contingencies	none
Resources Needed	none
Board Decisions Needed	none
Significant Actions Completed	approved revisions to CPE Disciplinary Guidelines regarding minor CPE deficiencies.
Significant Actions Not Completed	none

GOAL: Fee Structure

Board members: Jay Bernas and Brian Carson

S	Specific	Have a reasonable fee structure that will fund all of our expenditures for a minimum of the next 10 years while maintaining a minimum contingency fund in line with our VBOA Policy.
M	Measurable	It's approved by the Governor's Office and the General Assembly, if needed.
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	June 2023

Status Update

Status Date	September 30, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	yes
Unresolved Significant Risks/Contingencies	none
Resources Needed	none
Board Decisions Needed	none
Significant Actions Completed	Initial 10-year forecast has been completed. Preliminary discussions held with the Department of Planning and Budget, and Secretary of Finance.
Significant Actions Not Completed	none

Enforcement Milestone Performance Measures

September 2021

Milestones	Average total of days
<p>Entry/Case Intake Review From the time, a complaint is received and it is determined to either move to an investigation or is closed.</p>	20
<p>Investigation This includes the case review, investigative plan, receiving additional information from respondent and complainant, as needed and submitting the final report of complaint to the Enforcement Director.</p>	75
<p>Probable Cause Review The case is assigned to a Board member, reviewed and recommendations are made to staff.</p>	30
<p>Post Probable Cause Review The case will be closed with either a closure letter, a Consent Order developed and sent to respondent, or an IFF scheduled.</p>	40
<p>Information Fact Finding Conference (IFF) Conference is held, transcript is received and the Presiding Officer provides the finding of facts.</p>	15
<p>Post IFF Order Develop and finalize Post IFF Consent Order and if the respondent does not sign it, develop and finalize the Presiding Officer recommendations to respondent.</p>	30
<p>Board Review Provide case numbers for Board meeting agenda; provide final Ratification and Order to Board members for review and cases discussed at Board meeting, as needed.</p>	21

#1 Complaint Closed: No Jurisdiction or Violation	
Complaint	10
Closed at Complaint	20
Referred for investigation	20
Case open - Investigation	60
Probable cause review	30
Close case	30
Offer Consent Order	30
Request and schedule IFF	60
Post IFF	
Offer Consent Order	30
Offer Presiding Officers Recommendation	30
Board Review	30
Total Days	30

#2 Complaint Closed: At Probable Cause Review	
Complaint	10
Closed at Complaint	20
Referred for investigation	20
Case open - Investigation	60
Probable cause review	30
Close case	30
Offer Consent Order	30
Request and schedule IFF	60
Post IFF	
Offer Consent Order	30
Offer Presiding Officers Recommendation	30
Board Review	30
Total Days	150

#3 Consent Order: At Probable Cause Review	
Complaint	10
Closed at Complaint	20
Referred for investigation	20
Case open - Investigation	60
Probable cause review	30
Close case	30
Offer Consent Order	30
Request and schedule IFF	60
Post IFF	
Offer Consent Order	30
Offer Presiding Officers Recommendation	30
Board Review	30
Total Days	150

#4 Post IFF: Consent Order	
Complaint	
Closed at Complaint	20
Referred for investigation	20
Case open - Investigation	
Probable cause review	
Close case	30
Offer Consent Order	30
Request and schedule IFF	60
Post IFF	
Offer Consent Order	30
Offer Presiding Officers Recommendation	30
Board Review	
Total Days	
	240

#5 Post IFF: Presiding Officer Recommendation	
Complaint	
Closed at Complaint	20
Referred for investigation	20
Case open - Investigation	
Probable cause review	
Close case	30
Offer Consent Order	30
Request and schedule IFF	60
Post IFF	
Offer Consent Order	30
Offer Presiding Officers Recommendation	30
Board Review	
Total Days	
	240

Education for Exam Communications Plan

The changes to the CPA exam will affect the VBOA regulations, VBOA Policy and VBOA education guidelines that are documented in the Education Handbook and on the VBOA website.

The impact of the model curriculum, Practice Analysis and Blueprint will take the lead and dictate the changes and timing.

Calendar

August 31, 2021

- Approved interim updates to VBOA Education guidelines and Education Handbook

September 30, 2021

- Draft communications plan presented

November 30, 2021

- Presentation to Radford University students/staff to include overview of changes coming thus far

January 2022

- Mass email to all current exam candidates in the process of changes coming
- Mass email to Virginia educator list of changes coming

Mid-2022

- Release of Practice Analysis and Blueprint for public comment

August 2022

- Draft updates presented to VBOA regulation, VBOA Policy, Education Handbook following release
- Post changes on VBOA website