

January 11, 2005

**Board of Accountancy response to the Economic Impact Analysis prepared by DPB**

The Board of Accountancy (Board) is in agreement with the Economic Impact Analysis prepared by DPB except as follows:

DPB recommends the Board require “CPAs to attest to their having read and understood the significant changes.” The Board requires attestation each year at time of license renewal, as follows:

**“Under the penalties of perjury, I certify that (i) I have read, understand, and complied with the requirements for renewal including Regulation 18 VAC 5-21-80 F, paragraph 1, set forth below; and (ii) I have not suppressed any information that might affect the Board of Accountancy's decision to renew my CPA license.”**

Specifically, each regulant shall certify full compliance with the Board’s standards of conduct and applicable standards of practice including newly promulgated regulations. Affirmation alone does not help the regulant gain a better understanding of the complex statutes and regulations governing practice by Certified Public Accountants (CPA) and CPA firms. A better understanding may be gained by realizing, on one’s own, there is a question or when questions are raised during a training session. During training a variety of topics are reviewed with the opportunity for a variety of questions to be answered and issues to surface.

During 2004, under the emergency regulations, regulants were required to complete the two hours of ethics Continuing Professional Education (CPE). The Board has received many inquiries, stemming from information presented in ethics CPE workshops and online courses, requesting clarification of licensing requirements. The Board suspected this would occur and after one year of training, there is strong evidence to support the need for and value of the ethics CPE.

Continuing Professional Education (CPE) is defined in regulation, to mean:

**“an integral part of the lifelong learning required to provide competent services to the public; the formal set of activities that enables accounting professionals to maintain and increase their professional competence.”**

Virginia CPAs and CPA firms spend thousands of dollars every year on CPE. CPE is globally accepted as the standard indicator for continued competence among professionals in the accounting and auditing fields. In 2006, the Board will require 150 semester hours of coursework to be allowed to take the CPA examination. Education at the entry point into the profession and on a continuing basis is integral to the

service excellence accorded to clients. Submissions by CPAs during the CPE audits (30-40 per month) since 2001 indicate wise subject matters choices, relevant to accounting career fields.

The public is aware that CPAs are highly educated and there have been no requests to the Board to eliminate the CPE requirements including the newly promulgated requirements for ethics CPE.

DPB recommends competency testing over CPE. That is an alternative considered and rejected by the Board. There is no evidence to support the theory that a test is more reliable than CPE. Competency testing would require a change in the Uniform Accountancy Act or Virginia's regulants would be out of step in the profession, nationally and internationally.

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