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Periodic Review Report of Findings

Agency name	Virginia Board of Accountancy
Virginia Administrative Code (VAC) citation	18 VAC5-22
Regulation title	Board of Accountancy Regulations
Date this document prepared	November 8, 2018

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Order 14 (as amended, July 16, 2018), the Regulations for Filing and Publishing Agency Regulations (1 VAC7-10), and the *Virginia Register Form, Style, and Procedure Manual for Publication of Virginia Regulations*.

Acronyms and Definitions

Please define all acronyms used in this Report. Also, please define any technical terms that are used in the document that are not also defined in the "Definition" section of the regulations.

"VBOA" means Virginia Board of Accountancy.

"CPA" means certified public accountant.

Legal Basis

Please identify (1) the agency or other promulgating entity, and (2) the state and/or federal legal authority for the regulatory change, including the most relevant citations to the Code of Virginia or Acts of Assembly chapter number(s), if applicable. Your citation must include a specific provision, if any, authorizing the promulgating entity to regulate this specific subject or program, as well as a reference to the agency or promulgating entity's overall regulatory authority.

Subsection 3 of § 54.1-4403 of the Code of Virginia gives the VBOA the power and duty to "[p]romulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) necessary to assure continued competency, to prevent deceptive or misleading practices by licensees, and to effectively administer the regulatory system." Subsection H of § 54.1-4402 of the Code of Virginia states that the VBOA

“shall have the responsibility of enforcing [Chapter 44 of Title 54.1] and may by regulation establish rules and procedures for the implementation of the provisions of this chapter.”

Alternatives

Please describe any viable alternatives for achieving the purpose of the regulation that were considered as part of the periodic review. Include an explanation of why such alternatives were rejected and why this regulation is the least burdensome alternative available for achieving its purpose.

There are no viable alternatives to this regulation. The VBOA is required to promulgate regulations that ensure the practice of public accounting is restricted as required by law and that ensure the holders of Virginia CPA licenses possess the necessary competency to protect public health, safety, and welfare. Alternatives for achieving the purpose of the regulation have been considered by the VBOA. The VBOA has determined that amending the regulation is appropriate as it is the least burdensome and least intrusive alternative that fully meets statutory requirements. The alternatives considered by the VBOA include:

1. Amend the regulation. This option was selected because issues have been identified that require making changes to the regulation. Improvements to the protection of public health, safety, and welfare can be made without undue hardship on the regulated community.
2. Retain the regulation without amendment. This option was not chosen issues have been identified that require making changes to the regulation.
3. Repeal the regulation. This option was not selected because the regulation is still needed to protect public health, safety, and welfare.

Public Comment

Please summarize all comments received during the public comment period following the publication of the Notice of Periodic Review, and provide the agency response. Ensure to include all comments submitted: including those received on Town Hall, in a public hearing, or submitted directly to the agency or board. Please indicate if an informal advisory group was formed for purposes of assisting in the periodic review.

No comments were received during the public comment period. An informal advisory group was not formed for purposes of assisting in the periodic review.

Effectiveness

Pursuant to § 2.2-4017, please indicate whether the regulation meets the criteria set out in Executive Order 14 (as amended, July 16, 2018), including why the regulation is (a) necessary for the protection of public health, safety, and welfare, and (b) is clearly written and easily understandable.

The regulation is necessary for the protection of the public health, safety, and welfare, as it is needed to meet the statutory mandate to restrict the practice of public accounting and to ensure the competency of holders of Virginia CPA licenses. While this regulation is not overly complex, the VBOA has determined that the regulation should be amended so that it is more clearly written and more easily understood by the regulated community and the public.

Decision

Please explain the basis for the rulemaking entity’s decision (retain the regulation as is without making changes, amend the regulation, or repeal the regulation).

The VBOA will amend the regulation to clarify and codify longstanding agency policies, and to make revisions to bring the regulatory language fully in line with current requirements in federal and state code and regulation.

Small Business Impact

As required by § 2.2-4007.1 E and F of the Code of Virginia, include a discussion of the agency's consideration of: (1) the continued need for the regulation; (2) the nature of complaints or comments received concerning the regulation from the public; (3) the complexity of the regulation; (4) the extent to which the regulation overlaps, duplicates, or conflicts with federal or state law or regulation; and (5) the length of time since the regulation has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the regulation. Also, discuss why the agency's decision, consistent with the stated objectives of applicable law, will minimize the economic impact of regulations on small businesses.

There is a continued need for the regulation because it provides the most cost-effective means of restricting the practice of public accounting and ensuring the competency of holders of Virginia CPA licenses. While no complaints have been received from the public, the VBOA believes that the regulation could be more clearly written and easily understandable, based on phone and email inquiries that staff have received. The VBOA believes that its regulations are not overly complex. There is no overlap, duplication, or conflict with federal or state law or regulation. The last full review of the regulation occurred in 2010 when Chapter 22 was promulgated, though there have been incremental changes to the regulation through exempt rulemaking and fast-track rulemaking in 2017 and 2018. The VBOA, through examination of the regulation, has determined that the regulatory requirements currently minimize the economic impact of regulation on small businesses and thereby minimize the impact on existing and potential Virginia employers and their ability to maintain and increase the number of jobs in the Commonwealth.