

Tuesday, January 8, 2019

Board Meeting Agenda

Board Room 4
2nd Floor Conference Center
9960 Mayland Drive
Henrico, VA 23233
Phone: (804) 367-8505

- 10 a.m. Call to Order – **Susan Quaintance Ferguson, CPA, Chair**
Security Briefing – **Patti Hambright, Administrative Assistant**
Determination of Quorum
Approval of January 8, 2019, Agenda
Approval of Consent Agenda:
- Approval of December 4, 2018, Board meeting minutes
- Public comment period*
- 10:10 a.m. 1. Committee/NASBA Updates – **Susan Quaintance Ferguson, CPA, Chair**
- NASBA Committee Updates, as available
 - NASBA Board of Directors – **Stephanie S. Saunders, CPA**
- 10:20 a.m. 2. Executive Director’s Report – **Nancy Glynn, CPA, Executive Director**
- General updates
 - November 2018 Board Report – **Mary Charity, Deputy Director for Operations**
 - November 2018 Financial Report – **Renai Reinholtz, Deputy Director for Finance and Administration**
 - Revenue projections – **Renai Reinholtz, Deputy Director for Finance and Administration**
- 10:40 a.m. 3. Board Discussion Topics – **Rebekah E. Allen, Information and Policy Advisor**
- Regulatory/legislative updates
 - Proposed UAA Model Rules
 - UAA CPE guidelines update – **Tyrone Dickerson, CPA**
 - Potential changes to 18VAC5-22-90 and 18VAC5-22-140
- 12 p.m. Recess for Board lunch
- 12:30 p.m. 4. Board Discussion Topics, continued if necessary – **Rebekah E. Allen, Information and Policy Advisor**
- 1:30 p.m. 5. Additional Items for Discussion
- Carry over items/potential future topics
 - Publication of VBOA disciplinary actions (To be determined)
 - CPE guidelines (To be determined)
 - Active – CPE Exempt status (To be determined)
 - Trust Fund Reserve Policy (To be determined)

- Virginia-Specific Ethics Course (On-going)
- Required coursework for CPA examination/licensure
- Use of Confidential Consent Agreements
- Sign Conflict of Interest forms
- Sign Travel Expense vouchers
- Future meeting dates
 - February 5, 2019

- 1:45 p.m. 6. Closed Session
Enforcement – **Amanda E. M. Blount, Enforcement Director**
- OAG updates
 - Status of open cases
- 2:30 p.m. 7. Closed Session – Personnel – **Nancy Glynn, CPA, Executive Director**
- 3:00 p.m. Adjournment

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

Persons desiring to attend the meeting and requiring special accommodations/interpretive services should contact the VBOA office at (804) 367-8505 at least five days prior to the meeting so that suitable arrangements can be made for an appropriate accommodation. The VBOA fully complies with the Americans with Disabilities Act.

**Board Meeting
December 4, 2018
Draft/Unapproved minutes**

The Virginia Board of Accountancy met on Tuesday, December 4, 2018, in Training Room 1 A, B, and C of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: Susan Quaintance Ferguson, CPA, Chair
D. Brian Carson, CPA, CGMA, Vice Chair
W. Barclay Bradshaw, CPA
William R. Brown, CPA
Stephanie S. Saunders, CPA

MEMBERS ABSENT: Matthew P. Boshier, Esq.
Laurie A. Warwick, CPA

LEGAL COUNSEL: Elizabeth B. Peay, Senior Assistant Attorney General,
Office of the Attorney General
Alex W. West, Assistant Attorney General,
Office of the Attorney General

STAFF PRESENT: Nancy Glynn, CPA, Executive Director
Mary Charity, Deputy Director for Operations
Renai Reinholtz, Deputy Director for Finance and Administration
Amanda E. M. Blount, Enforcement Director
Kelli Anderson, Communications Manager
Patti Hambright, CPE Coordinator and Administrative Assistant
Rebekah Allen, Information and Policy Advisor

MEMBERS OF THE PUBLIC PRESENT: Stephanie Peters, CAE, President and CEO, Virginia Society of Certified Public Accountants
Emily Walker, CAE, Vice President, Advocacy, Virginia Society of Certified Public Accountants
Linda Newsom-McCurdy, CAE, Senior Director of Member Value, Virginia Society of Certified Public Accountants
Amy Mawyer, Vice President of Learning, Virginia Society of Certified Public Accountants

CALL TO ORDER

Ms. Ferguson called the meeting to order at 10:00 a.m.

**Board Meeting
December 4, 2018
Draft/Unapproved minutes**

SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Ms. Ferguson determined there was a quorum present.

APPROVAL OF AGENDA

Upon a motion by Ms. Saunders and duly seconded, the members voted unanimously to approve the December 4, 2018, agenda as amended. The members voting “**AYE**” were Ms. Ferguson, Mr. Carson, Mr. Bradshaw, Mr. Brown and Ms. Saunders.

APPROVAL OF MINUTES

Upon a motion by Mr. Bradshaw, and duly seconded, the members voted unanimously to approve the November 7, 2018, Board meeting minutes as amended. The members voting “**AYE**” were Ms. Ferguson, Mr. Carson, Mr. Bradshaw and Mr. Brown. (Ms. Saunders was not in attendance for the November 7, 2018 Board meeting. She abstained from the vote.)

PUBLIC COMMENT PERIOD

There were no public comments at this time.

COMMITTEE/NASBA UPDATES

NASBA Committee Updates

Ms. Saunders led the discussion regarding the NASBA Committee updates. Ms. Ferguson and Ms. Saunders attended NASBA’s Annual Meeting in Scottsdale, Arizona from October 28, 2018, through October 31, 2018.

NASBA Board of Directors

Ms. Saunders led the discussion regarding the NASBA Board of Directors. Ms. Saunders was elected Director-at-Large for a term of three years. She noted Michael H. Womble, CPA, was elected Middle Atlantic Regional Director. Regional Directors’ Focus Questions were provided to Board members for review.

**Board Meeting
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Ms. Saunders noted she also serves on the NASBA UAA Committee.

EXECUTIVE DIRECTOR'S REPORT

General Updates

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

- Ms. Glynn noted the Administrative Assistant position had been filled.
- Ms. Glynn noted the Notice of Intended Regulatory Action is currently under review at the Governor's office.
- Ms. Glynn noted she would be attending NASBA U in early December at NASBA headquarters located in Nashville, Tennessee.
- Ms. Glynn noted the third iteration with MicroPact had taken place on November 3, 2018. MicroPact had returned the following week to address concerns.

October Board Report

Ms. Charity presented and fielded questions regarding the October 2018 Board Report.

October Financial Report

Ms. Reinholtz presented and fielded questions regarding the October 2018 Financial Report.

BOARD DISCUSSION TOPICS

Regulatory/Legislative Updates

The Notice of Intended Regulatory Action is currently under review at the Governor's office.

JLARC Report on DPOR

Ms. Allen led the discussion regarding the Joint Legislative Audit and Review Commission (JLARC) Report on the Department of Professional and Occupational Regulation (DPOR). JLARC made 36 recommendations in its report on DPOR. Each DPOR recommendation made by JLARC was discussed in detail as the recommendations relate to the VBOA.

**Board Meeting
December 4, 2018
Draft/Unapproved minutes**

Regulatory Reduction Pilot Program

Ms. Allen led the discussion regarding the regulatory reduction pilot program. She noted at this time the program requires only DPOR and the Department of Criminal Justice Services (DCJS) to initiate any rulemaking to reduce regulatory requirements. She noted DPOR and DCJS have a deadline of July 1, 2020, for submittal of their baseline regulatory catalog to the Department of Planning and Budget (DPB). Ms. Allen provided a timeline for the pilot program.

Delegations of Authority

Ms. Allen led the discussion regarding the Delegations of Authority. Ms. Allen fielded questions from Board members and an in-depth discussion ensued.

Upon a motion by Mr. Brown, and duly seconded, the members voted unanimously to approve the Delegations of Authority Administrative Policy and Procedure as amended. The members voting “**AYE**” were Ms. Ferguson, Mr. Carson, Mr. Bradshaw, Mr. Brown and Ms. Saunders.

Review of VBOA Policies

Ms. Allen led the discussion regarding the review of VBOA policies. Ms. Allen reviewed in detail the global and substantive style changes made to VBOA Policies 1-10.

RECESS FOR LUNCH 12:30 p.m.

RECONVENE 1:00 p.m.

BOARD DISCUSSION TOPICS continued

Review of VBOA Policies continued

Ms. Allen fielded questions and a thorough discussion followed.

Upon a motion by Mr. Brown, and duly seconded, the members voted unanimously to publish the proposed changes to VBOA Policies 1-10 as amended on its website for a comment period starting on December 5, 2018, and ending on December 30, 2018. If no comment is received, in the judgement of the Executive Director in consultation with the VBOA counsel, would warrant presentation of the comment to the VBOA, the proposed changes will be adopted and effective on December 31, 2018. The members voting “**AYE**” were Ms. Ferguson, Mr. Carson, Mr. Bradshaw, Mr. Brown and Ms. Saunders.

**Board Meeting
December 4, 2018
Draft/Unapproved minutes**

Virginia Specific Ethics Course 2020 and Beyond

Ms. Saunders led the discussion regarding the Virginia Specific Ethics Course 2020 and beyond. Ms. Ferguson noted continuing professional education (CPE) would also be discussed at the January 2019 meeting. Ms. Saunders discussed potential course material.

ADDITIONAL ITEMS FOR DISCUSSION

Carry over items/potential future topics

- Publication of VBOA disciplinary actions (On-going)
- Potential changes to 18VAC5-22-90 and 18VAC5-22-140 (To be determined)
- CPE guidelines (To be determined)
- Active – CPE Exempt status (To be determined)
- Trust Fund Reserve Policy (To be determined)
- Virginia-Specific Ethics Course (On-going)
- Required coursework for CPA examination/licensure
- Use of Confidential Consent Agreements
- Volunteer services and the Active – CPE Exempt status

Sign Conflict of Interest forms

Sign Travel Expense vouchers

Future meeting dates

- January 8, 2019
 - February 5, 2019
-

Begin closed meeting

Upon a motion by Mr. Carson, 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 for the provision of legal counsel and to consult with legal counsel on issues relating to probable litigation, and/or consider the status of all open Enforcement Cases and cases listed on our agenda, a matter lawfully exempted from open meeting requirements under the ‘consulting with legal counsel’ and ‘disciplinary proceedings’ exemptions contained in Virginia Code § 2.2-3711(A)(7)(27).” The following non-members will be in attendance to reasonably aid in the consideration of this topic: Nancy Glynn, Elizabeth Peay, Alex West and Amanda Blount.

**Board Meeting
December 4, 2018
Draft/Unapproved minutes**

End closed meeting

Upon a motion by Mr. Carson, and duly seconded, the Virginia Board of Accountancy has 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.A 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:

Susan Quaintance Ferguson, CPA – Aye
D. Brian Carson, CPA, CGMA – Aye
W. Barclay Bradshaw, CPA – Aye
William R. Brown, CPA – Aye
Stephanie S. Saunders, CPA – Aye

VOTE:

Ayes: Five (5)
Nays: None

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

Upon a motion by Ms. Saunders, and duly seconded, members voted unanimously to approve Consent Order 2017-229-030U as presented.

CALL FOR VOTE:

Susan Quaintance Ferguson, CPA – Aye
D. Brian Carson, CPA, CGMA – Aye
W. Barclay Bradshaw, CPA – Aye
William R. Brown, CPA – Aye
Stephanie S. Saunders, CPA – Aye

VOTE:

Ayes: Five (5)
Nays: None

**Board Meeting
December 4, 2018
Draft/Unapproved minutes**

Upon a motion by Ms. Saunders, and duly seconded, members voted unanimously to approve Final Order 2017-319-253C as amended.

CALL FOR VOTE:

Susan Quaintance Ferguson, CPA – Aye
D. Brian Carson, CPA, CGMA – Aye
W. Barclay Bradshaw, CPA – Aye
William R. Brown, CPA – Aye
Stephanie S. Saunders, CPA – Aye

VOTE:

Ayes: Five (5)
Nays: None

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Mr. Carson, and duly seconded, the meeting adjourned by unanimous vote at 2:45 p.m. The members voting “**AYE**” were Ms. Ferguson, Mr. Carson, Mr. Bradshaw, Mr. Brown and Ms. Saunders.

APPROVED:

Susan Quaintance Ferguson, CPA, Chair

COPY TESTE:

Nancy Glynn, CPA, Executive Director

Virginia Board of Accountancy
FY18 Board Report
As of November 30, 2018

REPORT CATEGORIES	FY2019 - YTD as of 11/30/18	FY2018 - YTD as of 11/30/17	Fiscal Year Ending 6/30/18	Fiscal Year Ending 6/30/17	Fiscal Year Ending 6/30/16	Fiscal Year Ending 6/30/15
LICENSEES						
Individuals:						
Number of Active, licensed CPAs	26,594	26,021	26,318	25,452	24,648	24,791
Number of Active - CPE Exempt, licensed CPAs	1,647	1,427	1,585	1,326	1,158	898
Number of Active - Renewal Fee Delinquent (<12 months), licensed CPAs	0	406	0	933	1,516	1,142
Total Number of Licensed CPAs	28,241	27,854	27,903	27,711	27,322	26,831
Number of out-of-state licensees	8,458	8,325	8,330	8,290	8,152	8,086
Reinstatements - Individuals	51	72	178	92	79	106
Number of new CPA licenses issued	477	570	1,227	1,378	1,322	1,240
Net change in number of expired/voluntary surrendered licenses (>12 months)	190	499	1,213	1,081	910	863
Firms:						
Number of Active, licensed CPA firms	1,178	1,151	1,177	1,123	1,092	1,115
Number of Active - Renewal Fee Delinquent (<12 months), licensed CPA firms	0	22	0	44	65	71
Total Number of Licensed CPA Firms	1,178	1,173	1,177	1,167	1,157	1,186
Reinstatements - Firms	1	3	10	5	5	0
Number of new CPA firm licenses issued	16	33	74	65	29	40
Net change in number of expired/voluntary surrendered firm licenses (>12 months)	16	30	74	60	63	72
EXAM CANDIDATES						
Number of first time candidates applying to sit for CPA exam	614	553	1,675	1,819	2,136	1,904
ENFORCEMENT						
Number of complaints	28	46	85	82	145	84
Types of complaints:						
Unlicensed activity	9	18	20	45	41	24
Other disciplinary matters	19	28	65	37	104	60
CPE AUDITS						
Number of CPE audits selected	1,063 (a)	1,235	2,402	2,022	1,578	1,088
Status of CPE Audits:						
# of CPE audits resulting in compliance	713	756	2,001	1,594	1,291	819
# of CPE audit deficiencies	53	100	401	428	286	269
# of CPE audit deficiencies resulting in surrender of license	4	6	32	52	30	17
# of CPE audit deficiencies resulting in suspension of license	3	0	23	34	19	19
# of CPE audits open/pending review	297	379	0	0	1	0
CPE Audit Deficiency Rate	7%	12%	17%	21%	18%	25%
BUDGET/EXPENDITURES						
Total YTD expenditures	\$848,981	\$779,604	\$2,271,239	\$1,727,506	\$1,642,512	\$1,424,978
Total fiscal year budget	\$2,476,080	\$2,417,446	\$2,417,446	\$2,414,828	\$1,886,458	\$1,648,449
% of expenditures vs. budget	34.3%	32.2%	94.0%	71.5%	87.1%	86.4%

NOTES:

(a) CPE audits selected through November 2018.

**Virginia Board of Accountancy
Financial Report
FY19 Budget vs. Actual Expenses
As of November 30, 2018**

<u>Expenditure Type</u>	FY19 Operating Budget	FY19 YTD Expenditures	% Expended	FY18 YTD Expenditures	FY17 YTD Expenditures	FY16 YTD Expenditures
<u>Salaries & Benefits</u>	1,294,020	544,351	42.1%	1,174,172	1,103,143	999,185
Total Salaries & Benefits	\$ 1,294,020	\$ 544,351	42.1%	\$ 1,174,172	\$ 1,103,143	\$ 999,185
<u>Contractual Services</u>						
1209 Charge Card Purchases (not distributed)	-	-	---	-	-	-
1211 Express Services	800	77	9.6%	722	-	-
1214 Postal Services	13,000	2,908	22.4%	12,886	7,975	9,144
1215 Printing Services	5,500	1,796	32.7%	5,487	5,245	4,163
1216 Telecommunications - VITA	13,500	5,348	39.6%	11,613	12,272	10,021
1217 Telecommunications - Nonstate (CallFire)	300	25	8.3%	100	600	-
1219 Inbound Freight	150	43	28.6%	160	418	858
1221 Organization Memberships (primarily NASBA)	7,255	6,860	94.6%	7,255	7,250	7,030
1222 Publication Subscriptions	1,250	226	18.1%	1,266	4,730	5,254
1224 Training - Courses, Workshops, Conferences	6,955	1,428	20.5%	11,459	8,914	8,566
1225 Employee Tuition Reimbursement	1,618	1,618	100.0%	-	-	-
1227 Training-Transportation, Lodging, Meals, Incidentals	15,000	639	4.3%	23,825	10,933	16,123
1228 Employee IT Training Courses/Workshops and Conferences	100	-	0.0%	-	91	91
1242 Fiscal Services (Credit Card Merchant Fees)	50,000	13,756	27.5%	48,558	53,790	47,883
1243 Attorney Services (Including OAG)	62,020	31,010	50.0%	51,736	24,844	36,671
1244 Mgmt. Services - NASBA/special accommodations - IT Support	29,800	7,878	26.4%	21,736	75,641	64,564
1245 Personnel Management Services	-	79	---	-	-	-
1246 Public Info/Public Relations (subscriptions)	5,100	360	7.1%	3,538	5,015	1,756
1247 Legal Services (Includes court reporting services)	18,000	6,535	36.3%	19,562	12,977	10,306
1248 Media Services	-	-	---	-	-	235
1252 Electrical Repair/Maintenance	-	-	---	-	90	-
1253 Equipment Repair/Maintenance	-	823	---	-	-	-
1263 Clerical / Temp Services	-	-	---	2,754	2,475	-
1264 Food and Dietary Services	3,500	857	24.5%	3,236	2,156	2,170
1265 Laundry & Linen Services	-	-	---	-	25	-
1266 Manual Labor Services (Includes shredding services)	720	140	19.4%	394	1,122	380
1267 Production Services	-	-	---	-	-	1,771
1268 Skilled Services	-	-	---	-	-	960
1272 VITA Pass Thru Charges (SA Maintenance, IT Upgrades, and ISO services)	131,677	41,983	31.9%	135,170	122,620	87,475
1273 Info Mgmt Design and Development Services (Project Manager)	166,530	46,000	27.6%	94,600	-	-
1278 VITA Information Technology Infrastructure Services	144,000	47,410	32.9%	119,126	90,483	118,041
1279 Computer Software Development Services (MicroPact and Data Conversion)	531,670	34,000	6.4%	346,155	-	-
1282 Travel - Personal Vehicle	8,000	1,954	24.4%	8,099	6,980	5,926
1283 Travel - Public Carriers	-	-	---	-	589	543
1284 Travel - State Vehicles	1,000	-	0.0%	652	619	1,347
1285 Travel - Subsistence and Lodging	1,500	1,042	69.5%	2,182	1,250	1,749
1288 Travel, Meal Reimburse - Not IRS Rpt	1,000	518	51.8%	1,423	730	917
Total Contractual Services	\$ 1,219,945	\$ 255,313	20.9%	\$ 933,694	\$ 459,834	\$ 487,145
<u>Supplies and Materials</u>						
1312 Office Supplies	5,000	1,606	32.1%	5,023	4,338	6,726
1313 Stationery and Forms	2,500	984	39.4%	2,028	2,214	2,249
1323 Gasoline (Enterprise vehicles)	250	103	41.4%	221	155	308
1335 Packaging and Shipping Supplies	500	647	129.4%	485	958	715
1342 Medical & Dental Supplies	50	-	0.0%	-	260	48

<u>Expenditure Type</u>	<u>FY19 Operating Budget</u>	<u>FY19 YTD Expenditures</u>	<u>% Expended</u>	<u>FY18 YTD Expenditures</u>	<u>FY17 YTD Expenditures</u>	<u>FY16 YTD Expenditures</u>
<u>Supplies and Materials, continued</u>						
1352 Custodian Repair & Maintenance	300	-	0.0%	389	41	48
1362 Food & Dietary Supplies	525	76	14.5%	498	561	260
1363 Food Service Supplies	100	-	0.0%	62	107	15
1364 Laundry & Linen Supplies	-	-	---	-	24	-
1373 Computer Operating Supplies	5,500	2,022	36.8%	3,194	7,004	3,402
Total Supplies & Materials	\$ 14,725	\$ 5,439	36.9%	\$ 11,900	\$ 15,919	\$ 14,635
<u>Transfer Payments</u>						
1413 Awards & Recognition	900	138	15.3%	848	863	717
1415 Unemployment Compensation	-	-	---	-	-	-
1418 Incentives	-	-	---	-	410	-
Total Transfer Payments	\$ 900	\$ 138	15.3%	\$ 848	\$ 1,273	\$ 717
<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	8,500	2,127	25.0%	8,645	8,460	4,865
1539 Building Rentals - Non-State Owned Facilities	93,417	38,665	41.4%	90,982	88,126	76,350
1541 Agency Service Charges (DOA, PSB, DHRM, LVA & eVA)	38,424	1,521	4.0%	38,169	36,071	32,411
1551 General Liability Insurance	188	-	0.0%	188	188	188
1554 Surety Bonds	40	-	0.0%	40	40	40
1555 Worker's Compensation	978	-	0.0%	978	968	978
Total Continuous Charges	\$ 143,002	\$ 42,312	29.6%	\$ 140,457	\$ 135,308	\$ 116,287
<u>Equipment</u>						
2216 Network Components	1,200	-	0.0%	341	1,117	530
2217 Other Computer Equipment	500	507	101.3%	685	300	744
2218 Computer Software Purchases	-	379	---	540	2,157	3,556
2224 Reference Equipment	50	32	64.5%	80	26	181
2231 Electronic Equipment	-	-	---	-	164	-
2232 Photographic Equipment	-	-	---	552	845	-
2233 Voice and Data Transmission Equipment	-	233	---	164	-	1,691
2238 Electronic and Photo Equipment Improvements (Board Rooms)	3,000	-	0.0%	6,125	-	-
2261 Office Appurtenances (Blinds, Carpet, etc.)	350	-	0.0%	94	-	880
2262 Office Furniture	15,000	127	0.8%	555	3,375	14,385
2263 Office Incidentals	1,500	59	3.9%	969	2,646	1,627
2264 Office Machines	-	-	---	65	928	821
2268 Office Equipment Improvements	150	-	0.0%	-	129	129
2271 Household Equipment	-	-	---	-	342	-
Total Equipment	\$ 21,750	\$ 1,337	6.1%	\$ 10,168	\$ 12,030	\$ 24,543
Total Expenses	\$ 2,694,342	\$ 848,891	34.3%	\$ 2,271,239	\$ 1,727,506	\$ 1,642,512
Chapter 2 Appropriation	\$ 2,476,080					
Decision Package Appropriation Requests (To be requested)	\$ 218,262					
Total Projected Appropriation	\$ 2,694,342					

**Virginia Board of Accountancy
Financial Report
Cash Balance
As of November 30, 2018**

	Operating Fund (09226)		Special Fund (02020)	
	FY2019 - YTD as of 11/30/18	FY2018 - YTD as of 11/30/17	FY2019 - YTD as of 11/30/18	FY2018 - YTD as of 11/30/17
Beginning Fund Balance July 1:	\$ 614,003	\$ 511,346	\$ 3,700,807	\$ 3,677,602
YTD Revenue Collected *	699,237	1,075,258	17,505	11,211
Accounts Payable **	178	2,608	0	0
Interfund Cash Transfers In/(Out), based on September 30th balance	43,805	(267,307)	(43,805)	267,307
Interfund Cash Transfers In/(Out), based on December 31st balance	0	0	0	0
Interfund Cash Transfers In/(Out), based on March 31st balance	0	0	0	0
Interfund Cash Transfers In/(Out), based on June 30 balance	0	0	0	0
YTD Expenditures	(848,891)	(779,604)	0	0
Cash Balance before annual transfers	\$ 508,333	\$ 542,302	\$ 3,674,507	\$ 3,956,120
Projected Cash Transfers:				
Transfers to Central Service Agencies ***	(\$11,302)	(\$10,155)	\$0	\$0
Cash Balance after transfers	\$ 497,031	\$ 532,147	\$ 3,674,507	\$ 3,956,120

* Includes Interest Earnings - Per Virginia Acts of Assembly - Chapter 732 - §3-3.03 - Approved April 10, 2016, the State Comptroller shall allocate revenue for interest earnings 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 relived 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
Financial Report
Revenue by Fee Type
Source: VBOA Licensing System (MLO)**

Fee Type	FY2019 - YTD as of 11/30/18	FY2018 - YTD as of 11/30/17	Fiscal Year Ending 6/30/18	Fiscal Year Ending 6/30/17	Fiscal Year Ending 6/30/16
(a) Pre-Evaluation of Transcripts Application Fee	\$ -	\$ -	\$ -	\$ -	\$ 3,975
(b) Re-Exam Application	\$ 122,325	\$ 117,650	\$ 309,965	\$ 333,960	\$ 369,945
(c) Renewal Fee	\$ 508,943	\$ 884,210	\$ 1,859,054	\$ 2,086,540	\$ 1,864,290
Reinstatement Fee	\$ 22,350	\$ 23,050	\$ 64,570	\$ 45,775	\$ 35,450
Duplicate Wall Certificate Fee	\$ 725	\$ 1,000	\$ 1,950	\$ 1,775	\$ 1,750
License Verification Fee	\$ 8,300	\$ 9,450	\$ 20,025	\$ 20,487	\$ 19,963
CPA Exam Score Transfers	\$ 1,000	\$ 875	\$ 2,325	\$ 2,075	\$ 2,075
Failure to Respond to Board Requests	\$ -	\$ -	\$ -	\$ 5,100	\$ 4,300
Administrative Fee	\$ -	\$ 1,000	\$ 1,000	\$ 5,100	\$ 4,100
Bad Check Fee	\$ -	\$ -	\$ 150	\$ 50	\$ 100
Total Revenue	\$ 703,603	\$ 1,075,835	\$ 2,349,619	\$ 2,616,342	\$ 2,367,168
(d) Net Revenue per Commonwealth Accounting and Reporting System (Cardinal)	\$ 696,494	\$ 1,072,420	\$ 2,338,729	\$ 2,604,132	\$ 2,378,598
(e) Difference	\$ 7,109	\$ 3,415	\$ 10,890	\$ 12,210	\$ (11,430)

NOTES:

- (a) Effective October 15, 2015, VBOA no longer collected fees for Pre-Evaluation of Transcripts.
- (b) Effective January 5, 2016, VBOA implemented the Re-Exam Application fee.
- (c) Renewal Fee also includes associated late fees prior to FY19.
- (d) Net Revenue per Cardinal reported above includes only revenue received from regulatory fees.
- (e) Revenue Totals from the VBOA Licensing System (MLO) will not always match Revenue collected and reported on the VBOA Cash Report (Cardinal), due to timing differences in dates transactions are posted into each system and pending adjustments.

**Virginia Board of Accountancy
Financial Report
Accounts Receivable
As of November 30, 2018**

	FY2019 - YTD as of 11/30/18	FY2018 - YTD as of 11/30/17	Fiscal Year Ending 6/30/18	Fiscal Year Ending 6/30/17	Fiscal Year Ending 6/30/16
Fines levied/collected/receivable:					
\$ amount of fines levied	\$ 80,275	\$ 100,450	\$ 326,285	\$ 187,925	\$ 284,528
\$ amount of fines collected	\$ 90,424	\$ 106,316	\$ 258,879	\$ 198,771	\$ 252,626
\$ OAG Fees	\$ -	\$ -	\$ -	\$ -	\$ 342
\$ Discharged	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Current fines receivable (< 365 Days)	\$ 81,336	\$ 13,476	\$ 92,026	\$ 25,442	\$ 51,538
Outstanding Written-off receivables (=> 365 Days) (a)	\$ 592,764	\$ 597,500	\$ 592,222	\$ 591,400	\$ 576,150

NOTE:

(a) 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.

Discussion Topic: Regulatory/Legislative Updates

Regulatory updates

Notice of Intended Regulatory Action (“NOIRA”) has cleared executive branch review and was submitted to *The Virginia Register of Regulations*. It will be published on January 21, 2019; the comment period will run from that date through February 20, 2019.

Information about the NOIRA will be included in the January 2019 VBOA newsletter. Additionally, the VBOA will be sending out a mass email to all persons and firms holding a Virginia license and to all applicants applying for a Virginia license.

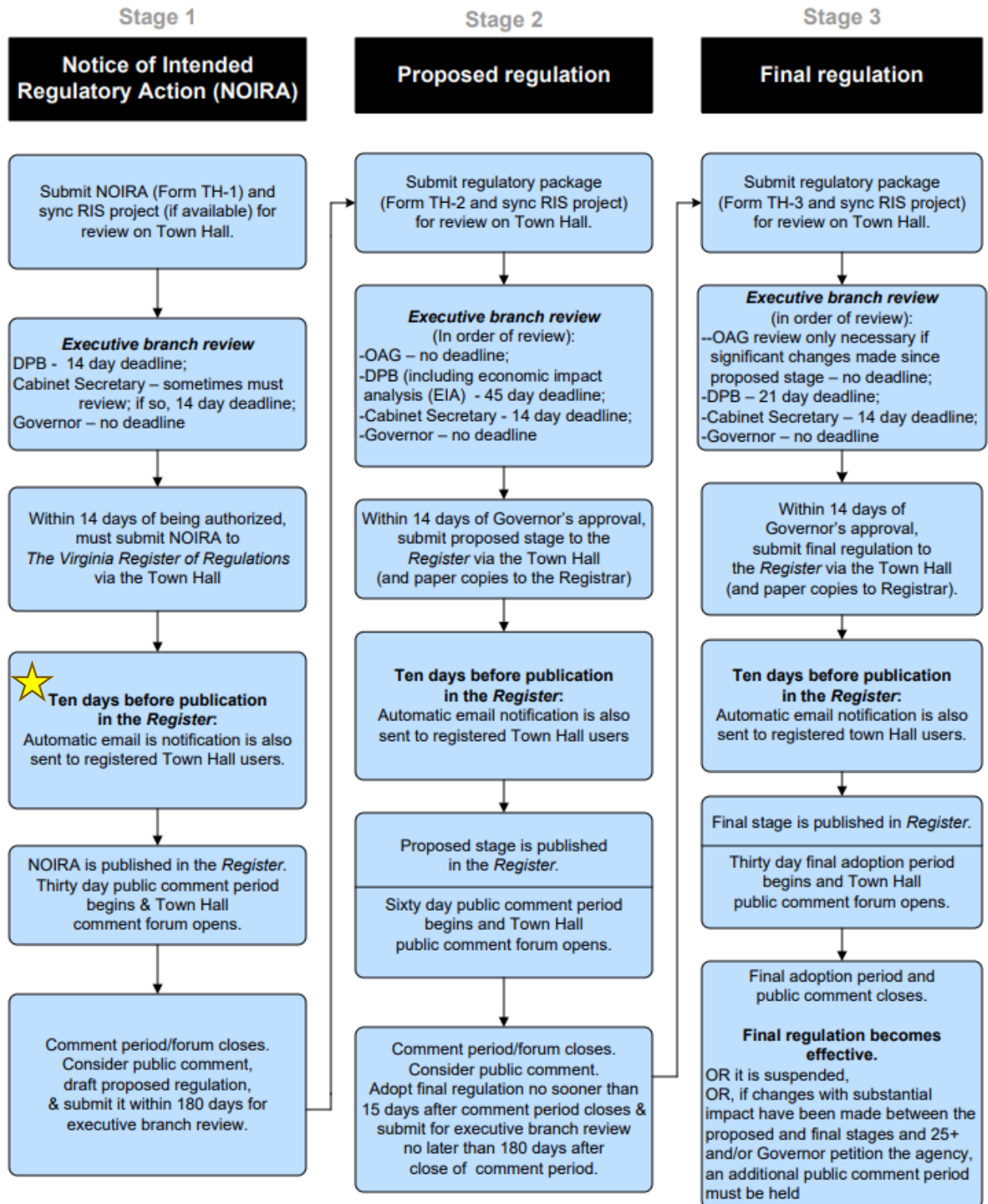
Following the comment period, the VBOA will need to review the comments received and finalize what its proposed regulations are. The proposed regulations and Town Hall Form TH-02 will need to be submitted to Town Hall for executive branch review on or before August 19, 2019.

Legislative updates

HB 1772 provides that any officer, employee, or member of a public body alleged to have willfully and knowingly violated the Virginia Freedom of Information Act who acted in good faith reliance upon an advisory opinion issued by the Virginia Freedom of Information Advisory Council may introduce such advisory opinion as evidence that the alleged violation was not made willfully and knowingly. The bill also contains technical amendments. This bill is a recommendation of the Virginia Freedom of Information Advisory Council.

No other bills have been introduced that may impact the VBOA.

Standard regulatory process: Guide for state agencies



HOUSE BILL NO. 1772

Offered January 9, 2019

Prefiled December 26, 2018

A BILL to amend and reenact § 30-179 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 37 of Title 2.2 a section numbered 2.2-3715, relating to the Virginia Freedom of Information Advisory Council; advisory opinions; evidence in civil proceeding.

Patron—Mullin

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:

1. That § 30-179 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Chapter 37 of Title 2.2 a section numbered 2.2-3715:

§ 2.2-3715. Effect of advisory opinions from the Freedom of Information Advisory Council on liability for willful and knowing violations.

Any officer, employee, or member of a public body who is alleged to have committed a willful and knowing violation pursuant to § 2.2-3714 shall have the right to introduce at any proceeding a copy of a relevant advisory opinion issued pursuant to § 30-179 as evidence that he did not willfully and knowingly commit the violation if the alleged violation resulted from his good faith reliance on the advisory opinion.

§ 30-179. Powers and duties of the Council.

The Council shall:

1. Furnish, upon request, advisory opinions or guidelines, and other appropriate information regarding the Freedom of Information Act (§ 2.2-3700 et seq.) to any person or ~~agency of state or local government~~ *public body*, in an expeditious manner;

2. Conduct training seminars and educational programs for the members and staff of public bodies and other interested persons on the requirements of the Freedom of Information Act (§ 2.2-3700 et seq.);

3. Publish such educational materials as it deems appropriate on the provisions of the Freedom of Information Act (§ 2.2-3700 et seq.);

4. Request from any ~~agency of state or local government~~ *public body* such assistance, services, and information as will enable the Council to effectively carry out its responsibilities. Information provided to the Council by ~~an agency of state or local government~~ *a public body* shall not be released to any other party unless authorized by such ~~agency~~ *public body*;

5. Assist in the development and implementation of the provisions of § 2.2-3704.1;

6. Develop the public comment form for use by designated public bodies in accordance with subdivision D 6 of § 2.2-3708.2;

7. Develop an online public comment form to be posted on the Council's official public government website to enable any requester to comment on the quality of assistance provided to the requester by a public body; and

8. Report annually on or before December 1 of each year on its activities and findings regarding the Freedom of Information Act (§ 2.2-3700 et seq.), including recommendations for changes in the law, to the General Assembly and the Governor. The annual report shall be published as a state document.

Discussion Topic: Proposed UAA Model Rule 5-7(a)(2)

Background

The current version of Rule 5-7(a)(2) of the Uniform Accountancy Act (“UAA”) Model Rules states:

(a) (2) Candidates cannot retake a failed Test Section(s) in the same testing window. A testing window is equal to a calendar quarter (January-March, April-June, July-September, October-December). Candidates will be able to test no less than two (2) months out of each testing window.

At the October 26, 2018 meeting of the National Association of State Boards of Accountancy’s (“NASBA”) Board of Directors, on the recommendation of the UAA Committee, the following was approved for exposure for comment for a three-month period:

- (a) A Candidate may take the required Test Sections individually and in any order. Credit for any Test Section(s) passed shall be valid for a period of eighteen (18) months and be calculated from the actual date the Candidate took that Test Section, without having to attain a minimum score on any failed Test Section(s) and without regard to whether the Candidate has taken other Test Sections.
 - (1) Candidates must pass all Test Sections of the examination within a rolling eighteen (18) month period, which begins on the date that the first Test Section(s) passed is taken.
 - (2)
 - (A) Subject to subsection 7(a)(2)(B), Candidates cannot retake a failed Test Section(s) in the same testing window. A testing window is equal to a calendar quarter (January-March, April-June, July-September, October-December). Candidates will be able to test no less than two (2) months out of each testing window.
 - (B) If the Board determines that the examination system changes necessary to eliminate the test window limitations have been implemented, subsection (A) will no longer be effective, and a Candidate can retake a Test Section once their grade for any previous attempt of that same Test Section has been released.

The exposed rule is to prepare for continuous testing, which requires the elimination of testing windows currently necessary in the administration of the Uniform CPA Examination. As such change will take some time to accomplish, and Boards will be adopting this rule at different times, the language is constructed to clarify that this change will not go into effect until the state board and national examination systems are ready to support continuous testing.

VBOA’s examination rules

VBOA regulation 18VAC5-22-80 addresses the administration of the CPA examination. The portion of the VBOA’s regulation that is analogous to the UAA model rule states, in relevant part:

A. In order to comply with subdivision A 1 b of § 54.1-4409.2 of the Code of Virginia:

* * *

3. A person who fails a section of the CPA examination may not retake that section until the next quarter of the calendar year.

The VBOA has an exemption under the APA--specifically Code of Virginia § 2.2-4002(B)(13)--that would permit the VBOA to amend 18VAC5-22-80 using the exempt rulemaking process to allow for continuous testing. By using the exempt rulemaking process, the change will become effective 30 days after publication in *The Virginia Register* or at a later date as specified by the VBOA, unless the action is suspended by the Governor (Code of Virginia § 2.2-4013(D)), the General Assembly (Code of Virginia § 2.2-4014(B)), or by a request from 25 or more persons (Code of Virginia § 2.2-4007(J)).

NEXT STEPS:

- Does the VBOA wish to offer comment on the proposed UAA Model Rule change?
- If yes, is the VBOA in support or in opposition to the proposal?

All comments must be submitted on or before February 11, 2019. Since there is a meeting currently scheduled for February 5, 2019, staff can prepare a comment for presentation and a vote at that time.

Discussion Topic: Proposed UAA Model Rules Article 7

Background

The National Association of State Boards of Accountancy's ("NASBA") Board of Directors, on the recommendation of the Uniform Accountancy Act ("UAA") Committee, are releasing the following revisions for exposure for comment.

The goal of these changes was to make the Rules more closely reflect current practice than the existing Model Rules do. In the proposed changes, the term "peer review program" is used instead of "compliance assurance program" and there is no reference to a Compliance Assurance Review Board ("CARB") oversight body. The Rules being proposed contain basic definitions, recognition of the AICPA and the State Societies as approved sponsoring organizations, requirement that non-AICPA members be allowed to participate in the AICPA's program, clarification of what needs to be done by a set date, guidance for the selection of Peer Review Oversight Committee members, and required submissions to the State Board.

Overall, Rules 7-1 and 7-2 largely remain the same, with the proposed Rules 7-8, 7-9, and 7-10 are renumbered from the existing Model Rules (changes are highlighted in yellow):

Rule 7-1 – Applications.

- (a) Applications by firms for initial issuance and for renewal of permits pursuant to Section 7 of the Act shall be made on a form provided by the Board and, in the case of applications for renewal, shall be filed no earlier than [] months and no later than [] months prior to the expiration date. Applications will not be considered filed until the applicable fee and all required documents prescribed in these Rules are received. If an application for permit renewal is filed late, it shall also be accompanied by the delinquency fee prescribed in these Rules.
- (b) A sole proprietor may apply simultaneously for a certificate or a renewal of a registration or a certificate and a firm permit.
- (c) Applications shall include the firm name, addresses and telephone numbers of the main office and of any branch offices of the firm in this State, the name of the person in charge of each such branch office, and the names of the partners, shareholders, members, managers, directors, and officers whose principal place of business is in this State.

Rule 7-2 - Notification of firm changes by firms.

- (a) A firm registered pursuant to Section 7 of the Act shall file with the Board a written notification of any of the following events concerning the practice of public accountancy within this State within thirty (30) days after its occurrence:
 - (1) Formation of a new firm;

- (2) Addition of a partner, member, manager, or shareholder;
 - (3) Retirement, withdrawal or death of a partner, member, manager, or shareholder;
 - (4) Any change in the name of the firm;
 - (5) Termination of the firm;
 - (6) Change in the management of any branch office in this State;
 - (7) Establishment of a new branch office or the closing or change of address of a branch office in this State; and
 - (8) Issuance of the firm's first **attest or compilation** report; or
 - (9) The occurrence of any event or events which would cause such firm not to be in conformity with the provisions of the Act or these Rules.
- (b) In the event of any change in legal form of a firm, such new firm shall, within thirty (30) days of the change, file an application for an initial permit in accordance with these Rules and pay the fee required by these Rules.
- (c) In the event a practice unit is sold, dissolved, or merged with the practice of one or more other practice units, determination of successor or predecessor practice unit(s), peer review year-end(s) and the peer review due date(s) will be made in accordance with the sponsoring organization's guidance.

Rule 7-3 - Peer review definitions.

- (a) "Administering Entity (AE)" – An entity approved by a Board-approved sponsoring organization to administer the Board-approved peer review program.
- (b) "Enrollment in a peer review program" means a firm is required to follow all requirements of the peer review process, cooperate with those performing and administering the peer review, comply with the peer review standards, and inform Administering Entities when firm changes occur.
- (c) "Peer Review Program" means the sponsoring organization's entire peer review process, including but not limited to the standards for administering, performing, and reporting on peer reviews, oversight procedures, training, and related guidance materials.
- (d) "Peer Review Oversight Committee" (PROC) – A Board-appointed committee of licensees approved by the Board for monitoring the Board-approved peer review program, including sponsoring organizations' Administering Entities, to provide reasonable assurance that Administering Entities and

respective Peer Review Committee and Report Acceptance Bodies are functioning in a manner that effectively enforces the performance and reporting of peer review in accordance with peer review standards.

- (e) “Peer Review Standards” means the Board-approved professional standards and guidance for administering, performing, and reporting on peer reviews.
- (f) “Peer Reviewer/Reviewing Firm” means a certified public accountant/accounting firm responsible for conducting the peer review, holding a valid and active license to practice public accounting in good standing issued by this state or some other state, and meets the peer reviewer qualifications to perform peer reviews established in the Board-approved peer review standards.
- (g) “Sponsoring Organization” means a Board-approved professional association, society, or other organization responsible for the facilitation and administration of peer reviews directly or through its Administering Entities and responsible for the oversight of the Administering Entities pursuant to the sponsoring organization’s peer review standards.

Rule 7-4 – Enrollment in Board-approved peer review program.

- (a) Enrollment in a Board-approved peer review program, or other comparable compliance assurance program, is a condition for renewal of a permit for firms issuing attest and compilation reports. The Board requires licensees that issue attest or compilation reports pursuant to UAA 6(j) or UAA 7(a)(1)(A) and firms that issue such reports pursuant to UAA 7(a)(1)(C) to be enrolled in a Board-approved peer review program.
- (b) A firm is not required to enroll in a Board-approved peer review program if its only level of service is performing preparation of financial statements (with or without disclaimer reports) under Statements on Standards for Accounting and Review Services (SSARs). However, if the firm elects to enroll in a Board-approved peer review program, it is required to have a peer review which would include preparation of financial statements within the scope of the review.
- (c) A firm enrolled in a Board-approved peer review program shall schedule, undergo, and complete its initial peer review in compliance with the sponsoring organization’s peer review standards and related guidance. Ordinarily, a firm’s initial peer review is due 18 months from the date it enrolled or should have enrolled in a Board-approved peer review program. The “due date” is a date by which a review has taken place and all materials have been submitted to the Administering Entity.
- (d) A firm enrolled in a Board-approved peer review program shall schedule, undergo and complete its subsequent peer reviews in compliance with the sponsoring organization’s peer review standards and related guidance. Ordinarily, subsequent peer reviews shall be due such that the peer review has taken place and all peer review materials are submitted to the Administering Entity within three years and six months from the peer review year-end of the previous peer review.

- (e) The Board may accept peer review extensions granted by Administering Entities provided the Board is notified by the firm within 14 days from the date of the letter from the Administering Entity granting the extension.
- (f) Requests for extensions of time to undergo a peer review shall be submitted to the Board in writing by the firm no later than the earlier of a firm's renewal date or peer review due date (which is determined by the Administering Entity) and shall include any extensions granted by the Administering Entity. The Board may approve requests for extensions based upon good cause clearly outside the control of the firm including, but not limited to, health or military service.
- (g) For good cause shown, the Board may grant or renew permits for a reasonable period of time pending completion of the firm's peer review.
- (h) For firms required to be registered with and subject to inspection by the Public Company Accounting Oversight Board (PCAOB), the Board recognizes the PCAOB's inspection process for reviewing practices subject to its authority, which are not included in the scope of peer review programs. Firms subject to inspection by the PCAOB are also required to meet the peer review requirements under a Board-approved peer review program that covers the portion of the practice unit's practice not subject to the PCAOB permanent inspection.

Rule 7-5. Submission of compliance assurance peer review documents to the Board.

- (a) The objective of this reporting rule is primarily to reinforce the Board's efforts to ensure that only appropriately qualified CPA firms are engaged in the offering and rendering of services subject to compliance assurance peer review. Based upon its review of the documents submitted pursuant to this rule, the Board may consider, pursuant to hearing or by consent, additional corrective actions such as probation, practice limits, additional continuing education, pre-issuance reviews, more frequent peer reviews, and other measures including, in severe cases, discipline against the reviewed firm and any individual licensees employed or contracted by the reviewed firm.

COMMENT: The reference in this Rule to possible discipline against "individual licensees employed or contracted by the reviewed firm" is not intended to include peer reviewers or their staffs with regard to firms they review.

- (b) The firm is required to submit a copy of the results of its most recently accepted peer review to the Board, which includes the following documents:
 - (1) Peer review report which has been accepted by the administering entity.
 - (2) The firm's letter of response accepted by the administering entity, if applicable.
 - (3) The acceptance letter from the administering entity.

(4) Letter(s) accepting the documents signed by the firm with the understanding that the firm agrees to take any actions required by the Administering Entity, if applicable; and

(5) Letter signed by the Administering Entity notifying the firm that required actions have been appropriately completed, if applicable.

(c) The firm shall submit the peer review documents in (b) (1) through (b) (3) above to the Board within 30 days of the administering entity's acceptance. The firm shall submit the document in (b) (4) to the Board within 30 days from the date the letter is signed by the firm or with submission of the firm's renewal application, whichever occurs first. The firm shall submit the document in (b) (5) to the Board within 30 days of the date of the letter or with submission of the firm's renewal application, whichever occurs first.

(d) The firm shall satisfy this document submission requirement by allowing the administering entity to provide the Board access to the documents via a secure website process such as the AICPA Facilitated State Board Access (FSBA).

Rule 7-6- Approved peer review sponsoring organizations, programs and peer review standards.

(a) The Board shall approve peer review sponsoring organizations, program (s) and standards.

COMMENT: Predecessor Administering Entities are to engage in candid dialogue with the appropriate Board(s) about any intent to discontinue administration of the peer review program. Further, Administering Entities are expected to speak to the board(s) regarding the change in administration prior to making a final decision. Communication with the Board shall be documented including a contact name and date/s of the communication in a form to be sent to the sponsoring organization. Consistency of administration is a primary objective when consolidating AEs. The intent is for Boards to have the same experience, regardless of an AE's physical location.

(b) The Board recognizes the American Institute of Certified Public Accountants (AICPA) as an approved sponsoring organization and its peer review program and peer review standards, and the _XXXX Society of CPAs or its successor and other peer review programs administered by entities involved in the administration of the AICPA Peer Review Program. These organizations are not required to submit an application for approval to the Board. As condition of this approval, that sponsoring organization is required to provide its peer review services to nonmember licensees whose firms' principle place of business are located in this state so long as such nonmembers comply with the applicable peer review standards.

(c) The Board may terminate its approval of a sponsoring organization for cause following notice and opportunity for hearing. For purposes of this paragraph, "cause" includes but is not limited to failure to maintain an ongoing compliance with the requirements of this chapter.

(d) The Board may approve other peer review sponsoring organizations and programs. For an organization not specifically identified in these Rules as Board-approved to receive Board approval

for its peer review program and standards, the organization must submit evidence to the satisfaction of the Board. At a minimum, the evidence shall include the standards, procedures, guidelines, oversight process, training materials, and related documents used to administer, perform, and accept peer reviews. The Board has the authority to request any other documents/information from an organization about its peer review program in determining whether to grant approval.

Rule 7-7- Peer review oversight committee.¹

- (a) Peer Review Oversight Committee (PROC) shall be appointed or adopted by the Board to monitor the Board-approved peer review program, including sponsoring organizations' administering entities, to provide reasonable assurance that administering entities and respective Peer Review Committees (PRCs) and Report Acceptance Bodies (RABs) are functioning in a manner that effectively enforces the performance and reporting of peer reviews in accordance with peer review standards. The PROC or the Board's designee shall report to the Board on the conclusions and recommendations reached as a result of the PROC's activities at least annually.
- (b) PROC members shall:
- (1) Not have a conflict of interest.
 - (2) Be subject to removal or replacement by the Board at its discretion.
 - (3) Be required to sign a confidentiality agreement indicating they will not divulge any information to the Board that would identify any firm, licensee, or peer reviewer/reviewing firm as a result of their monitoring of the peer review process.
 - (4) Perform procedures which may consist of, but are not limited to, the following activities:
 - (i) Visiting the Administering Entities of the approved peer review program;
 - (ii) Reviewing sponsoring organization procedures for administering the program;
 - (iii) Meeting with an Administering Entity's Report Acceptance Body during consideration of the peer review documents;
 - (iv) Reviewing the Administering Entity's compliance with its program.

¹ Discussion of an oversight committee is currently found in Rule 7-4, *Equivalent reviews as a condition of renewal of a permit*.
Presented January 8, 2019 | Page 6 of 10

- (c) The Board shall establish procedures and take all action necessary to ensure that the above materials remain privileged as to any third parties, ~~except those materials subject to public disclosure as provided herein.~~

Rule 7-8- Internet practice.²

A CPA firm offering or rendering professional services via a Web site shall provide in the Web site's homepage, a name, an address, and principal state of licensure as a means for regulators and the public to contact a responsible licensee in charge at the firm regarding complaints, questions, or regulatory compliance.

Rule 7-9 - Attest documentation and retention.³

- (a) Licensees shall comply with all professional standards for attest documentation applicable to particular engagements, including, but not limited to, standards adopted by recognized standards setting bodies such as the Public Company Accounting Oversight Board (PCAOB), the Comptroller General of the United States, and the Auditing Standards Board.
- (b) If the applicable standards do not otherwise specify, the retention period for attest documentation shall be five (5) years and shall be measured from the report date.
- (c) If attest documentation is required to be kept for longer than provided in the applicable standards ~~or Rule 7-7(b)~~ because of a pending Board investigation or disciplinary action, attest documentation shall not be destroyed until the licensee has been notified in writing by the Board of the closure of a Board investigation or disciplinary proceeding.

Rule 7-10- Unregistered firm compliance with applicable ~~compliance—assurance peer review~~ documentation requirements.⁴

Any firm not required to register in this state, but which provides attest and/or compilation services as permitted under Sections 7 and 23 of the Act, shall be required to maintain records as prescribed by ~~Rule 7-5(b) Rule 7-9(b)~~ regarding its participation in a comparable ~~Compliance Assurance Program peer review program~~ for any period in which the firm provided attest ~~and/or compilation~~ services in this state and shall provide copies of such records upon this Board's written request; provided, however, the Board shall not make such a request except upon good cause.

COMMENT: For purposes of this Rule, "good cause" is reasonable cause and not authorization for a notice requirement. Good cause for requesting ~~Compliance Assurance Program peer review program~~ records should be based upon a third-party complaint or other evidence of inadequate professional services of the type that would be subject to peer review.

² Currently this is Rule 7-6.

³ Currently this is Rule 7-7.

⁴ Currently this is Rule 7-8.

Because these are significant changes, which the NASBA Compliance Assurance Committee has carefully worked through, the NASBA Board has voted to have the comment period extend until June 30, 2019.

VBOA's peer review statutes and rules

Code of Virginia § 54.1-4400 states, in relevant part:

As used in this chapter, unless the context clearly indicates otherwise:

* * *

"Facilitated State Board Access" or "FSBA" means the sponsoring organization's process whereby it provides the Board access to peer review results via a secure website.

* * *

"Peer review" means a review of a firm's attest services, compilation services, and financial statements preparation services that is conducted in accordance with the applicable monitoring program of the American Institute of Certified Public Accountants or its successor, or with another monitoring program approved by the Board.

* * *

"Sponsoring organization" means a Board-approved professional society or other organization responsible for the facilitation and administration of peer reviews through use of its peer review program and applicable peer review standards.

Code of Virginia § 54.1-4412.1 states, in relevant part:

C. A firm that is not required to obtain a Virginia license may provide attest services, compilation services, or financial statement preparation services to persons or entities located in Virginia if:

* * *

2. The firm complies with subdivisions D 1, 2, 4, 5, 6, and 8 and subsection F[.]

* * *

D. For a firm to obtain and hold a Virginia license:

* * *

6. If the services provided by the firm are within the scope of the practice-monitoring program of the American Institute of Certified Public Accountants or its successor, the firm shall enroll in the program or in another practice-monitoring program for attest services, compilation services, and financial statement preparation services that is approved by the Board. In addition, if enrolled the firm shall:

a. Comply with any requirements prescribed by the Board in response to the results of peer reviews; and

- b. Participate in the American Institute of Certified Public Accountants', or sponsoring organizations', Facilitated State Board Access process, or its successor process, for peer reviews.

The VBOA can require “accelerated peer review” for CPA firms, provided it has cause for imposition of penalty under Code of Virginia § 54.1-44-13.4(B).

VBOA regulation 18VAC5-22-150 states:

In order to comply with subdivision D 6 of § 54.1-4412.1 of the Code of Virginia, a firm shall comply with all components of the monitoring program in which it is enrolled, except that, depending on the facts and circumstances, the board may waive the requirement for a peer review or grant additional time for complying with the requirement.

There is also VBOA Policy #7 that discusses the Peer Review Oversight Committee.

The VBOA likely does not have an exemption under the APA if it wished to engage in rulemaking related to peer review. Regardless of the existence of an exemption, the VBOA does have, under Code of Virginia § 54.1-4402(F), this specific charge:

The Board shall take such actions as may be authorized by this chapter to ensure the continued competence of persons using the CPA title in Virginia and firms providing attest services, compilation services, or financial statement preparation services to persons or entities located in Virginia and to aid the public in determining their qualifications.

This is in addition to general powers of the VBOA found in Code of Virginia § 54.1-4403:

The Board shall have the power and duty to:

1. Establish the qualifications of applicants for licensure, provided that all qualifications shall be necessary to ensure competence and integrity.
2. Examine, or cause to be examined, the qualifications of each applicant for licensure, including the preparation, administration and grading of the CPA examination.
3. Promulgate 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.

* * *

11. Establish requirements for peer reviews.

* * *

15. Do all things necessary and convenient for carrying into effect this chapter and regulations promulgated by the Board.

NEXT STEPS:

- Does the VBOA wish to offer comment on the proposed UAA Model Rule change?
- If yes, is the VBOA in support or in opposition to the proposal?
- What changes, if any, to statutes, regulations, or guidance documents does the VBOA want to investigate or pursue for peer review?

All comments must be submitted on or before June 30, 2019. Since there is a meeting currently scheduled for February 5, 2019, staff can prepare a comment for presentation and a vote at that time.

Introduction

Continuing professional education is required for CPAs to maintain their professional competence and provide quality professional services. CPAs are responsible for complying with all applicable CPE requirements, rules, and regulations of boards of accountancy, as well as those of membership associations and other professional organizations.

The Statement on Standards for Continuing Professional Education (CPE) Programs (Standards) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs. The Standards were last revised in 2012.

The Standards are periodically reviewed in their entirety by the CPE Standards Working Group (Working Group). The Working Group comprises 13 members representing the various stakeholders in the CPE arena, including boards of accountancy, state societies, educators, CPE providers, and the AICPA. If the Working Group determines that revisions or modifications are required, then the Working Group will make its recommendations to NASBA's CPE Committee (CPE Committee), which, in turn, makes recommendations to the Joint AICPA/NASBA CPE Standards Committee (Joint Committee). The Joint Committee will then make its recommendation to the respective AICPA and NASBA Boards of Directors. Any revisions or modifications to the Standards will be posted to the AICPA and NASBA websites for comment.

The Standards are intended to be an "evergreen" document. As questions arise related to implementation and application of the Standards, the questions will be presented to the Working Group. The Working Group meets quarterly, and scheduled meeting dates are posted on the NASBA website at www.nasbaregistry.org. NASBA will communicate the findings of the Working Group to the specific CPE program sponsor. Authoritative interpretations will only be issued by the CPE Committee in limited cases when the matter is not addressed in the Standards, cannot be addressed specifically with the CPE program sponsor, or cannot be addressed in the "Best Practices" web pages. All interpretations issued by the CPE Committee will be reviewed and considered by the Joint Committee upon the next revision of the Standards.

Preamble

- 1.** The right to use the title “Certified Public Accountant” (CPA) is regulated by each state’s board of accountancy in the public interest and imposes a duty to maintain public confidence by enhancing current professional competence, as defined in the Statement on Standards for Continuing Professional Education (CPE) Programs (Standards), in all areas in which they provide services. CPAs must accept and fulfill their ethical responsibilities to the public and the profession regardless of their fields of employment.¹
- 2.** The profession of accountancy is characterized by an explosion of relevant knowledge, ongoing changes and expansion, and increasing complexity. Advancing technology, globalization of commerce, increasing specialization, proliferating regulations, and the complex nature of business transactions have created a dynamic environment that requires CPAs to continuously maintain and enhance their professional competence.
- 3.** The continuing development of professional competence involves a program of lifelong educational activities. Continuing Professional Education (CPE) is the term used in these Standards to describe the educational activities that assist CPAs in achieving and maintaining quality in professional services.
- 4.** The following Standards have been broadly stated in recognition of the diversity of practice and experience among CPAs. They establish a framework for the development, presentation, measurement, and reporting of CPE programs and thereby help to ensure that CPAs receive the quality CPE necessary to satisfy their obligations to serve the public interest. The spirit of the Standards is to encourage high-quality learning with measurable objectives by providing baseline requirements. These Standards may also apply to other professionals by virtue of employment or membership. Boards of accountancy have final authority on the acceptance of individual courses for CPE credit.
- 5.** Advances in technology, delivery, and workplace arrangements may lead to innovative learning techniques. Learning theory is evolving to include more emphasis on outcome-based learning. These Standards anticipate innovation in CPE in response to these advances. Sponsors must ensure innovative learning techniques are in compliance with the Standards. CPE program sponsors are encouraged to consult with NASBA regarding questions related to compliance with the Standards when utilizing innovative techniques.
- 6.** These Standards create a basic foundation for sound educational programs. Sponsors may wish to provide enhanced educational and evaluative techniques to all programs.

¹ The term “CPA” is used in these Standards to identify any person who is licensed or regulated, or both, by boards of accountancy.

Article I – Definitions

Advanced. Program knowledge level most useful for individuals with mastery of the particular topic. This level focuses on the development of in-depth knowledge, a variety of skills, or a broader range of applications. Advanced level programs are often appropriate for seasoned professionals within organizations; however, they may also be beneficial for other professionals with specialized knowledge in a subject area.

Asynchronous. A learning activity in which the participant has control over time, place and/or pace of learning.

Basic. Program knowledge level most beneficial to CPAs new to a skill or an attribute. These individuals are often at the staff or entry level in organizations, although such programs may also benefit a seasoned professional with limited exposure to the area.

Blended learning program. An educational program incorporating multiple learning formats.

Continuing professional education (CPE). An integral part of the lifelong learning required to provide competent service to the public. The set of activities that enables CPAs to maintain and improve their professional competence.

CPE credit. Fifty minutes of participation in a program of learning.

CPE program sponsor. The individual or organization responsible for issuing the certificate of completion and maintaining the documentation required by the Statement on Standards for Continuing Professional Education (CPE) Programs (Standards). This term may include associations of CPAs, whether formal or informal, as well as employers who offer in-house programs.

Evaluative feedback. Specific response to incorrect answers to questions in self study programs.

Group Internet based program. Individual participation in synchronous learning with real time interaction of an instructor or subject matter expert and built-in processes for attendance and interactivity.

Group live program. Synchronous learning in a group environment with real-time interaction of an instructor or subject matter expert that provides the required elements of attendance monitoring and engagement.

Group program. Any group live or group Internet based programs.

Independent study. An educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor.

Instructional methods. Delivery strategies such as case studies, computer-assisted learning, lectures, group participation, programmed instruction, use of audiovisual aids, or work groups employed in group, self-study, or independent study programs or other innovative programs.

Intermediate. Program knowledge level that builds on a basic program, most appropriate for CPAs with detailed knowledge in an area. Such persons are often at a mid-level within the organization, with operational or supervisory responsibilities, or both.

Learning activity. An educational endeavor that maintains or improves professional competence.

Learning contract. A written contract signed by an independent study participant and a qualified CPE program sponsor prior to the commencement of the independent study.

Learning objectives. Measurable outcomes that participants should accomplish upon completion of a learning activity. Learning objectives are useful to program developers in deciding appropriate instructional methods and allocating time to various subjects.

Nano learning program. A tutorial program designed to permit a participant to learn a given subject in a 10-minute time frame through the use of electronic media (including technology applications and processes and computer-based or web-based technology) and without interaction with a real-time instructor. A nano learning program differs from a self study program in that it is typically focused on a single learning objective and is not paper-based. A nano learning program is not a group program. Nano learning is not a substitute for comprehensive programs addressing complex issues.

Overview. Program knowledge level that provides a general review of a subject area from a broad perspective. These programs may be appropriate for professionals at all organizational levels.

Pilot test. A method to determine the recommended CPE credit for self study programs that involves sampling of at least three individuals independent of the development team and representative of the intended participants to measure the representative completion time.

Pre-program assessment. A method of measuring prior knowledge that is given before the participant has access to the course content of the program.

Professional competence. Having requisite technical competence, professional skills, values, ethics, and attitudes to provide quality services as defined by the technical and ethical standards of the profession. The expertise needed to undertake professional responsibilities and to serve the public interest.

Program of learning. A collection of learning activities that are designed and intended as continuing education and that comply with these Standards.

Qualified assessment. A method of measuring the achievement of a representative number of the learning objectives for the learning activity.

Reinforcement feedback. Specific responses to correct answers to questions in self study programs.

Self study program. An educational program completed individually without the assistance or interaction of a real-time instructor.

Social learning. Learning from one's peers in a community of practice through observation, modeling, and application.

Synchronous. A group program in which participants engage simultaneously in learning activity(ies).

Tutorial. A method of transferring knowledge that is more interactive and specific than a book, lecture, or article. A tutorial seeks to teach by example and supply the information to complete a certain task.

Word count formula. A method, detailed under S17-05 method 2, to determine the recommended CPE credit for self study programs that uses a formula, including word count of learning material, number of questions and exercises, and duration of audio and video segments.

Update. Program knowledge level that provides a general review of new developments. This level is for participants with a background in the subject area who desire to keep current.

Article II – General Guidelines for CPAs

2.1 Professional Competence. All CPAs should participate in learning activities that maintain or improve, or both, their professional competence.²

Selection of learning activities should be a thoughtful, reflective process addressing the individual CPA's current and future professional plans, current knowledge and skill level, and desired or needed additional competence to meet future opportunities or professional responsibilities, or both.

CPA's fields of employment do not limit the need for CPE. CPAs performing professional services need to have a broad range of professional competence. Thus, the concept of professional competence may be interpreted broadly. Accordingly, acceptable continuing education encompasses programs contributing to the development and maintenance of professional skills.

The [fields of study](#), as published on NASBA's website, www.nasbaregistry.org, represent the primary knowledge and skill areas that CPAs need to perform professional services in all fields of employment.

To help guide their professional development, CPAs may find it useful to develop a learning plan. Learning plans are structured processes that help CPAs guide their professional development. They are dynamic instruments used to evaluate and document learning and professional competence development. They may be reviewed regularly and modified as CPAs' professional competence needs change. Plans include a self-assessment of the gap between current and needed professional competence; a set of learning objectives arising from this assessment; and learning activities to be undertaken to fulfill the learning plan.

2.2 CPE Compliance. CPAs must comply with all applicable CPE requirements.

CPAs are responsible for compliance with all applicable CPE requirements, rules, and regulations of state licensing bodies, other governmental entities, membership associations, and other professional organizations or bodies. CPAs should contact each appropriate entity to which they report to determine its specific requirements or any exceptions it may have to the standards presented herein.

Periodically, CPAs participate in learning activities that do not comply with all applicable CPE requirements, for example, specialized industry programs offered through industry sponsors. If CPAs propose to claim credit for such learning activities, they must retain all relevant information

² The terms "should" and "must" are intended to convey specific meanings within the context of this Joint AICPA/NASBA Statement on Standards for Continuing Professional Education Programs (Standards). The term "must" is used in the Standards and applies to CPAs and CPE program sponsors to convey that CPAs and CPE program sponsors are not permitted any departure from those specific Standards. The term "should" is used in the Standards and applies to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are encouraged to follow such Standards as written. The term "may" is used in the Standards and applies to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are permitted to follow such Standards as written.

regarding the program to provide documentation to state licensing bodies and all other professional organizations or bodies that the learning activity is equivalent to one that meets all these standards.

2.3 CPE Credits Record Documentation. CPAs are responsible for accurate reporting of the appropriate number of CPE credits earned and must retain appropriate documentation of their participation in learning activities.

To protect the public interest, regulators require CPAs to document maintenance and enhancement of professional competence through periodic reporting of CPE. For convenience, measurement is expressed in CPE credits. However, the objective of CPE must always be maintenance and enhancement of professional competence, not attainment of credits. Compliance with regulatory and other requirements mandates that CPAs keep documentation of their participation in activities designed to maintain or improve, or both, professional competence. In the absence of legal or other requirements, a reasonable policy is to retain documentation for a minimum of five years from the end of the year in which the learning activities were completed.

Participants must document their claims of CPE credit. Examples of acceptable evidence of completion include the following:

- For group, blended learning, and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study and nano learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment.
- For instruction credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard No. 20 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college noncredit courses, a certificate of attendance issued by a representative of the university or college.
- For published articles, books, or CPE programs:
 - A copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor,
 - A statement from the writer supporting the number of CPE hours claimed, and
 - The name and contact information of the independent reviewer(s) or publisher.

2.4 Reporting CPE Credits. CPAs who complete sponsored learning activities that maintain or improve their professional competence must claim no more than the CPE credits recommended by CPE program sponsors subject to the state board regulations.

CPAs may participate in a variety of sponsored learning activities. Although CPE program sponsors determine credits, CPAs must claim credit only for activities through which they maintained or improved their professional competence. CPAs who participate in only part of a program must claim CPE credit only for the portion they attended or completed.

2.5 Independent Study. CPAs may engage in independent study under the direction of a CPE program sponsor who has met the applicable standards for CPE program sponsors when the subject matter and level of study maintain or improve the CPAs' professional competence.

Independent study is an educational process designed to permit a participant to learn a given subject under the guidance of a CPE program sponsor. Participants in an independent study program must

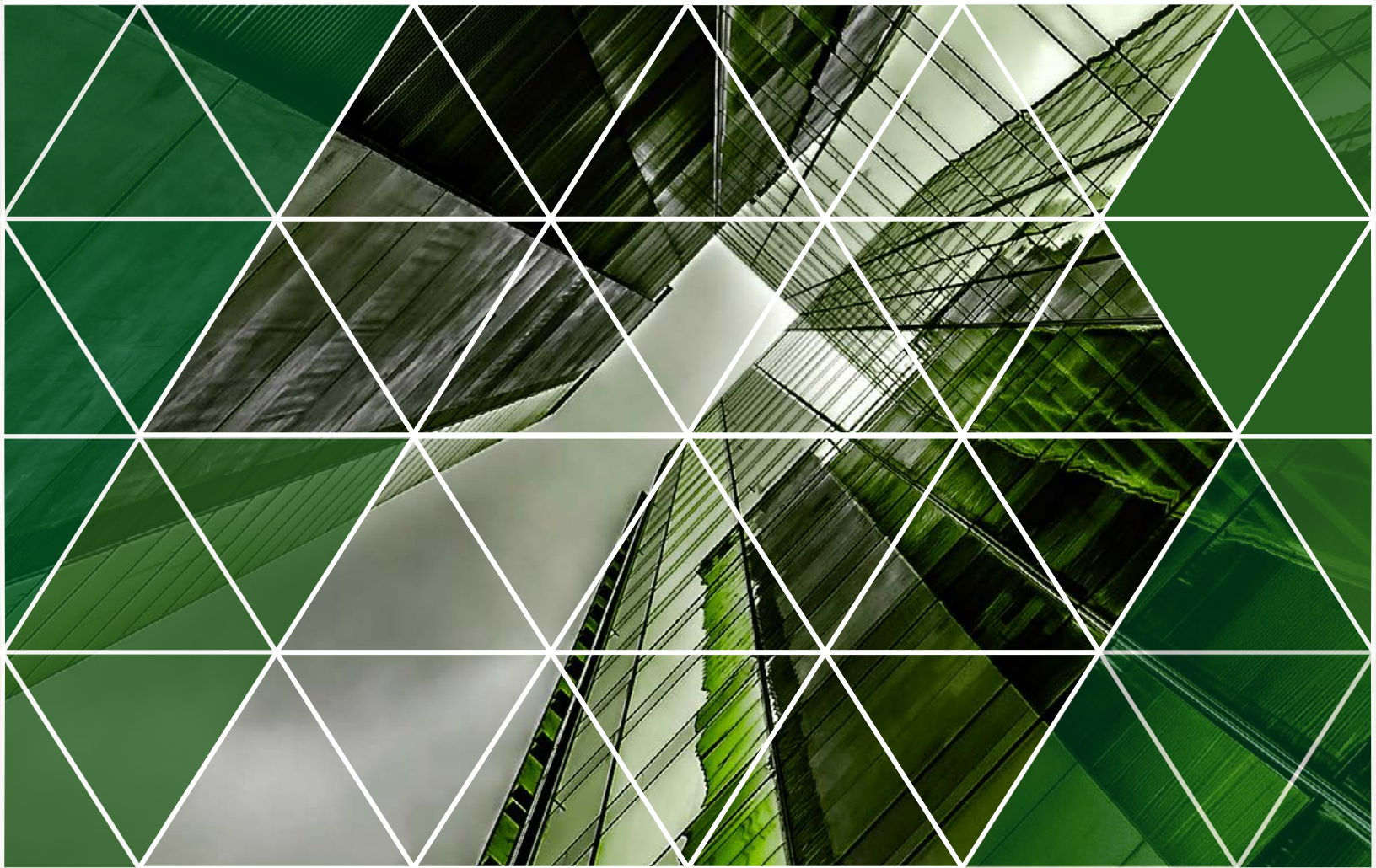
- a. enter into a written learning contract with a CPE program sponsor that must comply with the applicable standards for CPE program sponsors. A learning contract
 - i. specifies the nature of the independent study program and the time frame over which it is to be completed, not to exceed 15 weeks.
 - ii. specifies that the output must be in the form of
 - (1) a written report that will be reviewed by the CPE program sponsor or a qualified person selected by the CPE program sponsor or
 - (2) a written certification by the CPE program sponsor that the participant has demonstrated application of learning objectives through
 - (a) successful completion of tasks or
 - (b) performance of a live demonstration, oral examination, or presentation to a subject matter expert.
 - iii. outlines the maximum CPE credit that will be awarded for the independent study program, but limits credit to actual time spent.
- b. accept the written recommendation of the CPE program sponsor regarding the number of credits to be earned upon successful completion of the proposed learning activities. CPE credits will be awarded only if
 - i. all the requirements of the independent study as outlined in the learning contract are met;
 - ii. the CPE program sponsor reviews and signs the participant's report;
 - iii. the CPE program sponsor reports to the participant the actual credits earned; and
 - iv. the CPE program sponsor provides the participant with contact information.

The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

- c. retain the necessary documentation to satisfy regulatory requirements regarding the content, inputs, and outcomes of the independent study.

Selected Articles from the
UNIFORM ACCOUNTANCY ACT
MODEL RULES

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Introductory Comments

These Uniform Accountancy Rules (“Rules”) have been prepared by the National Association of State Boards of Accountancy (“NASBA”) as part of its continuing effort to update and promote uniformity in the regulatory schemes governing the practice of accountancy in the various jurisdictions.

These Rules are keyed to the Uniform Accountancy Act (“Uniform Act”) – Eighth Edition in several respects. Like most rules of administrative agencies they are intended in a general sense to implement or to explain specific statutory provisions governing the operations of the agency concerned; thus, in those cases where it appears appropriate for a Rule to contain a reference to a statutory provision, the reference provided in these Rules is to a provision of the Uniform Act. The organizing pattern of the Rules also reflects that of the Uniform Act: the numbered Articles under which the Rules are grouped correspond to section numbers in the Uniform Act.

The Rules are not intended to depend entirely upon the Uniform Act, or to be suitable for adoption only in jurisdictions where the accountancy law corresponds to the Uniform Act. Where the law that is in force varies from the Uniform Act, modifications may be necessary to adapt the Rules to the pertinent statute.

**ARTICLE 3
DEFINITIONS**

Rule 3-1 - Terms used in these rules.

For purposes of these Rules the following terms have the meanings indicated:

- (a) “Act” means the [Public] Accountancy Act of _____, _____
[statutory reference].
- (b) “Financial statements” means statements and footnotes related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with Generally Accepted Accounting Principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory service reports to support recommendations to a client; nor does it include tax returns and supporting schedules.
- (c) For purposes of the definition of "attest" as provided in Section 3(b) of the Act, the Board adopts and incorporates by reference:
 - (1) Each of the following as issued by the AICPA and including subsequent amendments and editions:
 - (A) The Statements on Auditing Standards (SAS),
 - (B) The Statements on Standards for Accounting and Review Services (SSARS), and
 - (C) The Statements on Standards for Attestation Engagements (SSAE);
 - (2) The standards and rules adopted by the PCAOB including subsequent amendments and editions.

COMMENT: This is the adoption by reference required by UAA 3(b). This adoption is in addition to “applicable standards” set forth in Rule 10-3. Caution: Some jurisdictions have constitutional or statutory restrictions limiting or prohibiting evergreen adoptions by reference, and require that only specific, dated versions of standards be adopted.

Rule 3-2 – Agreed upon procedure.

An “agreed-upon procedures engagement” is one which is to be performed in accordance with applicable attestation standards and is one in which a licensee is engaged to issue a written finding(s) that (i) is based on specific procedures that the specified parties agree are sufficient for their purposes, (ii) is restricted to the specified parties, and (iii) does not provide an opinion or negative assurance.

Rule 3-3 - Audit.

“Audit” means the procedures performed in accordance with applicable auditing standards for the purpose of expressing or disclaiming an opinion on the fairness

with which the historical financial information is presented in conformity with Generally Accepted Accounting Principles, another comprehensive basis of accounting, or a basis of accounting described in the report.

Rule 3-4 – Professional engagement.

"Professional engagement" means an agreement between a client and a licensee relative to the performance of professional services and the services performed under this agreement.

Rule 3-5 – Continuing Professional Education (CPE).

Continuing Professional Education (CPE) is an integral part of the lifelong learning required to provide competent service to the public. It is the set of activities that enables CPAs to maintain or improve their professional competence.

Rule 3-6 – CPE reporting period.

A "CPE reporting period" is the period of time as to which a licensee in this State must report or attest to the completion of CPE requirements to the Board of Accountancy.

Rule 3-7 - Subject matter expert.

A "subject matter expert" is a person who is an authority in a particular area or topic. A subject matter expert is involved in developing CPE materials where knowledge expertise is needed.

Rule 3-8 - Technical committee.

A "technical committee" is a committee that serves as a resource to identify issues regarding the practice of accountancy and develop technical or policy recommendations on those issues.

Rule 3-9 - Technical fields of study.

"Technical fields of study" are technical subjects that contribute to the maintenance and/or improvement of the competence of a CPA in the profession of accountancy and that directly relate to the CPA's field of business. These fields of study include, but are not limited to:

- (a) Accounting;
- (b) Accounting (Government);
- (c) Auditing;
- (d) Auditing (Government);
- (e) Business Law;
- (f) Economics;
- (g) Finance;

- (h) **Information Technology;**
- (i) **Management Services;**
- (j) **Regulatory Ethics;**
- (k) **Specialized Knowledge;**
- (l) **Statistics; and**
- (m) **Taxes.**

COMMENT: The technical subjects are further defined in the “Fields of Study” document, as published on NASBA’s website, www.nasbaregistry.org, and included in the “Statement on Standards for Continuing Professional Education (CPE) Programs,” appended to the Uniform Accountancy Act. The “Fields of Study” document provides descriptions of each technical subject area and examples of the types of topics that might be included in each area.

Rule 3–10 - Non-technical fields of study.

“Non-technical fields of study” are subjects that contribute to the maintenance and/or improvement of the competence of a CPA in areas that indirectly relate to the CPA’s field of business. These fields of study include, but are not limited to:

- (a) **Behavioral Ethics;**
- (b) **Business Management & Organization;**
- (c) **Communications and Marketing;**
- (d) **Computer Software & Applications;**
- (e) **Personal Development;**
- (f) **Personnel/Human Resources; and**
- (g) **Production.**

COMMENT: The non-technical subjects are further defined in the “Fields of Study” document, as published on NASBA’s website, www.nasbaregistry.org, and included in the “Statement on Standards for Continuing Professional Education (CPE) Programs,” appended to the Uniform Accountancy Act. The “Fields of Study” document provides descriptions of each non-technical subject area and examples of the types of topics that might be included in each area.

ARTICLE 6
ISSUANCE OF CERTIFICATES AND RENEWAL OF CERTIFICATES
AND REGISTRATIONS, CONTINUING PROFESSIONAL EDUCATION
AND RECIPROACITY

Rule 6-1 - Applications.

- (a) **Applications for initial certificates and for renewal of certificates and registrations pursuant to the Act shall be made on a form provided by the Board and, in the case of applications for renewal, shall be filed no later than 60 days prior to the expiration date set by these Rules. Applications will not be considered filed until the applicable fee prescribed in the Rules is received. If an application for renewal is filed late, it shall also be accompanied by the delinquency fee prescribed in the Rules.**
- (b) **Applications for renewal of certificates or registrations shall be accompanied by evidence satisfactory to the Board that the applicant has complied with the continuing professional education requirements under Section 6(d) of the Act and of these Rules.**

Rule 6-2 - Experience required for initial certificate.

The experience required to be demonstrated for issuance of an initial certificate pursuant to Section 5(f) of the Act shall meet the requirements of this rule.

- (a) **Experience may consist of providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills.**
- (b) **The applicants shall have their experience verified to the Board by a licensee as defined in the Act or an individual licensed in another state. Acceptable experience shall include employment in industry, government, academia or public practice. The Board shall look at such factors as the complexity and diversity of the work.**
- (c) **One year of experience shall consist of full or part-time employment that extends over a period of no less than a year and no more than three years and includes no fewer than 2,000 hours of performance of services described in subsection (a) above.**

Rule 6-3 - Evidence of applicant's experience.

- (a) **Any licensee who has been requested by an applicant to submit to the Board evidence of the applicant's experience and has refused to do so shall, upon request by the Board, explain in writing or in person the basis for such refusal.**

- (b) **The Board may require anyone who has furnished evidence of an applicant's experience to substantiate the information.**
- (c) **Any applicant may be required to appear before the Board or its representative to supplement or verify evidence of experience.**
- (d) **The Board may inspect documentation relating to an applicant's claimed experience.**

Rule 6-4 – CPE requirements for renewal or reactivation of a certificate, license or registration.

The following requirements of CPE apply to the renewal or reactivation of certificates, licenses and registrations pursuant to Section 6(d) of the Act.

- (a) **A person who obtains a certificate, license or registration for the first time shall complete at least forty (40) credits of acceptable CPE during the first full annual period following the year in which the original certificate, license or registration was obtained. There is no provision for carry-over from an annual period in which CPE was not required.**
- (b) **An applicant seeking renewal of a certificate, license or registration from a Board shall assert in a manner acceptable to the Board, that the applicant for renewal meets all of the following CPE requirements:**
 - (1) **Completion of a minimum of twenty (20) CPE credits during each annual period included in the CPE reporting period.**
 - (2) **Completion of a minimum of an average of no fewer than forty (40) CPE credits for each annual period included within the CPE reporting period.**
 - (3) **Completion of an average of two (2) ethics CPE credits for each annual period included within the CPE reporting period.**
 - (4) **Completion of a minimum of fifty percent (50%) of the total CPE credits required for the CPE reporting period in technical fields of study. Qualifying subject areas for CPE are categorized as either technical or non-technical fields of study as set forth in Rules 3-9 and 3-10 above. Subjects other than technical and non-technical fields of study may be acceptable for CPE if the licensee can demonstrate to the satisfaction of the Board that such subjects or specific programs contribute to the maintenance and/or improvement of the licensee's professional competence.**

COMMENT: The following chart sets forth the CPE requirements detailed in Rule 6-4(b)(1)-(4) above.

CPE Reporting Period	Total CPE credits required per reporting period	Minimum CPE credits required in each annual period in the reporting period	Qualifying ethics credits required per CPE reporting period	Minimum CPE credits in reporting period in technical subject areas
Annual (1 year)	40	40	2	20
Biennial (2 years)	80	20	4	40
Triennial (3 years)	120	20	6	60

- (c) **An applicant whose certificate, license or registration has been lapsed, revoked or suspended for fewer than five (5) years may, at the Board’s discretion, complete qualifying CPE that averages no fewer than forty (40) credits of qualified CPE, for each annual period included in the CPE reporting period preceding the date of reapplication, not to exceed a total of one hundred twenty (120) credits. An applicant whose certificate, license, or registration has lapsed or has been suspended or revoked may at the Board’s discretion be required to identify and complete a program of learning designed to demonstrate the currency of the licensee’s competencies directly related to his or her area of practice.**
- (d) **Licenses granted inactive or retired status for fewer than five (5) years by the Board may discontinue use of the word “inactive” or “retired” in association with their license upon showing that they have completed qualifying CPE that averages no fewer than forty (40) credits of qualified CPE for each annual period included in the CPE reporting period preceding the request to discontinue use of the word “inactive” or “retired,” not to exceed a total of one hundred twenty (120) credits.**
- (e) **For a certificate, license or registration that has been lapsed, suspended, revoked, inactive or retired for a period of five (5) years or more, the Board has the discretion to determine the number and type of CPE credits as a requirement for reinstatement.**
- (f) **Upon request by the Board, the applicant for renewal shall provide proof of completion or other evidence acceptable to the Board that supports the assertion by the applicant that the applicant has met the CPE renewal requirements. If the Board so requests, the applicant shall also submit an explanation of how any portion of CPE credits for renewal questioned by the Board relate to the applicant’s continuing professional competence.**

Rule 6-5 –Activities qualifying for CPE credit.

CPE activities are learning opportunities that contribute directly to a licensee’s knowledge, ability and/or competence to perform his or her professional responsibilities. CPE activities should address the licensee’s current and future work environment, current knowledge and skills and desired or needed knowledge and skills to meet future opportunities and/or professional responsibilities.

(a) The following learning activities shall qualify for CPE credit:

(1) A learning activity that complies with the Statement on Standards for Continuing Professional Education (CPE) Programs, issued jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA), and is coordinated and presented by a qualifying CPE program sponsor as set forth below in Rule 6-5 (b). The sources of qualifying learning activities include but are not limited to the following:

- (A) Group Programs;**
- (B) Self-Study Programs;**
- (C) Blended Learning Programs;**
- (D) Nano-Learning Programs;**
- (E) Instructor/Developer of CPE programs in (A) through (D) above or in (2) and (4) below;**
- (F) Technical Reviewer of CPE programs in (A) through (D) above or in (2) and (4) below; and**
- (G) Independent Study.**

COMMENT: The sources of qualified learning activities, including independent study, are fully defined in the Statement on Standards for Continuing Professional Education (CPE) Programs.

- (2) A college or university course that is coordinated and presented by a qualifying university or college as set forth in Rule 6-5 (b)(2) below in a technical or nontechnical field of study; No CPE credit shall be permitted for attending or instructing college or university courses considered to be basic or introductory accounting courses or CPA exam preparation/review courses.**
- (3) Authorship of published articles, books and other publications relevant to maintaining or improving professional competence.**
- (4) A group learning activity that is coordinated and presented by a person, firm, association, corporation or group, other than a qualifying CPE program sponsor as defined in Rule 6-5 (b) below. These programs are generally related to topics of the specialized knowledge field of study by persons or organizations with expertise in these specialized industries.**

COMMENT: The purpose of Rule 6-5(a)(4) is to permit a learning activity related to specialized industries to satisfy requirements for CPE. The focus is on conferences or learning events that are in specialized industries, such as oil and gas or gaming. The conference or learning event provides critical information and knowledge specific to the operations of specialized industries that is necessary for those providing professional services in those industries. However, these conferences and learning events may not be designed to adhere to the State's CPE program requirements. Therefore, the CPE credits earned from specialized industry learning activities are limited to no more than twenty-five percent (25%) of the total qualifying CPE credits for the CPE reporting period per Rule 6-6(a)(1)(I).

- (5) Participation and work on a technical committee of an international, national or state professional association, council or member organization, or a governmental entity that supports professional services or industries that require unique and specific knowledge in technical fields of study.**
- (b) The following are deemed to be qualifying CPE program sponsors provided they offer activities which comply with the Statement on Standards for CPE Programs:**
- (1) Persons, firms, associations, corporations or other groups that are members of NASBA's National Registry of CPE Sponsors;**
 - (2) Recognized national and state professional accounting associations and their local affiliates that are approved by the Board;**
 - (3) Universities or colleges accredited at the time the CPE program was delivered by virtue of accreditation by an organization recognized by the Council for Higher Education Accreditation as a specialized, professional, or regional accrediting organization; and**
 - (4) Persons, firms, associations, corporations or other groups that are approved by the Board.**
- (c) Acceptable evidence for completion of qualifying learning activities shall include the following:**
- (1) For programs or courses as set forth in Rule 6-5 (a) (1) and (2), acceptable evidence should include a certificate of completion or transcript issued by the qualifying CPE program sponsor.**
 - (2) For activities set forth in Rule 6-5 (a) (3), acceptable evidence may include a copy of the publication that names the licensee as author or contributor; a statement from the licensee supporting the number of CPE credits claimed; and the name and contact information of the independent reviewer(s) or publisher.**

- (3) For programs or courses as set forth in Rule 6-5 (a) (4), acceptable evidence may include a certificate of attendance or other verification supplied by the program sponsor. If a certificate of attendance or other verification is not available, then acceptable evidence shall include copies of the course agenda, program materials, or other documents attributable to the learning activity.**
- (4) For activities set forth in Rule 6-5 (a) (5), acceptable evidence shall include a written certificate of the licensee setting forth all of the following:**
 - (A) The nature of the activity (e.g., topic or specific new competency acquired), the items discussed and the source/materials considered.**
 - (B) The dates on which the learning activity occurred.**
 - (C) The number of CPE credits attributed to the learning activity.**
 - (D) Details of the relevance of the learning activity to the participant's current or future professional development.**

Rule 6-6 – Continuing professional education records.

- (a) Computation of CPE credits.**

Each approved CPE course, program, or activity shall be measured by program length, with one 50- minute period equal to one CPE credit.

- (1) Computation of CPE credits for qualifying CPE programs shall be as follows:**
 - (A) Group programs, independent study and blended learning programs – A minimum of one credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth or one-half increments.**
 - (B) Self-study – A minimum of one-half credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth or one-half increments.**
 - (C) Nano-learning – The credit to be earned for a single nano-learning program is one fifth credit.**
 - (D) For blended learning programs included in Rule 6-5 (a)(1)(C), CPE credit must equal the sum of the CPE credit determination for the various completed components of the program.**

- (E) An instructor/developer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) through (D) may receive CPE credit for actual preparation time up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation. For repeat presentations, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for instructor/developer CPE credit.**
- (F) A technical reviewer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) through (D) may receive CPE credit for actual review time up to the actual number of CPE credits for the learning activity. For repeat technical reviews, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for technical reviewer CPE credit.**
- (G) Authors of published articles, books and other publications may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence. For the author to receive CPE credit, the article, book or CPE program must be formally reviewed by an independent subject matter expert. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for author CPE credit.**
- (H) (i) For courses that are part of the curriculum of a university, college or other educational institution, each semester hour credit shall equal fifteen (15) CPE credits, and each quarter hour shall equal ten (10) CPE credits.**

(ii) For non-credit courses, CPE credit shall equal actual time in class.

(iii) CPE credit for instructing a college or university course shall be twice the credit that would have been granted participants for the first presentation of a specific course or program and none thereafter, except if the course content has been substantially revised. To the extent a course has been substantially revised, the revised portion shall be considered a first presentation.

(iv) Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for instructor CPE credit.

- (I) **Not more than twenty-five percent (25%) of the total qualifying CPE credits for a CPE reporting period may consist of a combination of the learning activities defined in Rule 6-5 (a) (4) and (5).**

COMMENT: The following chart summarizes the CPE credit allocation standards set forth in Rule 6-6(a)(1)(A)-(C).

Qualifying CPE Program	Minimum initial credit that must be earned	After first credit has been earned, credit may be earned in these increments
Group	One	One-fifth or one-half
Independent study	One	One-fifth or one-half
Blended learning	One	One-fifth or one-half
Self-study	One-half	One-fifth or one-half
Nano-learning	One-fifth	Not applicable (single nano-learning program is one-fifth credit)

- (b) **CPE records.**

An applicant seeking renewal of a certificate, registration or license from the Board shall, as a prerequisite for such renewal, certify in a manner acceptable to the Board, that the applicant for renewal meets all of the CPE requirements set forth in Rule 6-4 above. Responsibility for documenting the acceptability of the program and the validity of the credits rests with the applicant who should retain such documentation for the longer of a period of five years or two reporting periods following completion of each learning activity.

The Board will verify, on a test basis, information submitted by applicants for renewal of a certificate, registration or license. In cases where the Board determines that the requirement is not met, the Board may grant an additional period of time in which the deficiencies can be cured or seek disciplinary action, at the Board’s discretion. Fraudulent reporting is a basis for disciplinary action.

Rule 6-7 –CPE Reciprocity.

A non-resident licensee seeking renewal of a certificate in this state shall be determined to have met the CPE requirement (including the requirements of Rule 6-4(a)) of this rule by meeting the CPE requirements for renewal of a certificate in the state in which the licensee’s principal place of business is located.

- (a) **Non-resident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee’s principal place of business is located by signing a statement to that effect on the renewal application of this state.**

- (b) **If a non-resident licensee's principal place of business state has no CPE requirements for renewal of a certificate, the non-resident licensee must comply with all CPE requirements for renewal of a certificate in this state.**

COMMENT: For persons only using practice privileges in this state see Rule 23-4.

Rule 6-8 - Exceptions.

- (a) **The Board may make an exception to the requirement set out in Rule 6-4(b) for a licensee who is inactive or who does not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements or other compilation communication, or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.**
- (b) **The Board may in particular cases make exceptions to the requirements set out in Rule 6-4(b) for reasons of individual hardship including health, military service, foreign residence, or other good cause. At the time the exception is granted and for as long as the license remains in "inactive" or "retired" status, the license, and any other license issued by another state, must be in good standing and not be revoked, suspended, refused renewal, subject to revoked or limited privileges under Section 23, or under any other sanction. Nothing herein shall be construed to limit the Board's disciplinary authority with regards to a license in "inactive" or "retired" status.**
- (c) **Licensees granted an exception by the Board must place the word "inactive" adjacent to their CPA title or PA title on any business card, letterhead or any other document or device, with the exception of their CPA certificate or PA registration, on which their CPA or PA title appears. Licensees granted the exception who are at least fifty-five (55) years of age may replace "inactive" with "retired." Any of these terms must not be applied in such a manner that could likely confuse the public as to the current status of the licensee.**
- (d) **Licensees granted the use of "inactive" or "retired" must affirm in writing their understanding of the limitations placed on them by being given an exception from CPE.**
- (e) **Licensees granted the use of "inactive" or "retired" may volunteer their time to nonprofit or governmental organizations, to the extent provided in statute. Licensees may not be compensated for such volunteer service other than through reimbursement of actual expenses or a limited per diem allowance for expenses. Licensees have the responsibility to maintain professional competence relative to the volunteer services they provide even though excepted from the specific CPE requirements of Rule 6-4(b).**

- (f) Licensees granted the use of “inactive” or “retired” may not sign documents using CPA with any of these terms attached when rendering one of the services allowed under UAA Section 6(d) [volunteer, uncompensated services: tax preparation services, participating in a government –sponsored business mentoring program, serving on the board of directors for a non-profit or governmental organization, or serving on a government-appointed advisory body]. As UAA Section 6(d) provides, an inactive or retired licensee cannot offer or render professional services that require their signature and use of the CPA title either with or without “inactive” or “retired” attached.
- (g) Licensees granted an exception by the Board must comply with a re-entry competency requirement defined by the Board as set out in Rule 6-4(c) before they may discontinue use of the word “inactive” in association with their CPA or PA title.

Rule 6-9 - Interstate practice.

- (a) These regulations provide two distinct routes for an individual already licensed in another state to be authorized to practice in this state. The applicable route depends upon whether the individual will establish a principal place of business in this state. Individuals establishing a principal place of business in this state may qualify for a reciprocal license as described in Section 6(c)(2) of the Act (substantial equivalence) or as described in Section 6(c)(1) of the Act and Rule 6-9(b) below). Individuals with a principal place of business in another state may offer or render services in this state pursuant to substantial equivalence (see Section 23(a)(1) or (a)(2) of the Act).
- (b) Regarding an individual establishing a principal place of business in this State, if the substantial equivalency standard set out in Section 23 of the Act is not applicable, the Board shall issue a reciprocal certificate to the holder of a certificate issued by another state provided that the applicant meets each of the following requirements:
 - (1) Has successfully completed the CPA examination. Successful completion of the examination means that the applicant passed the examination in accordance with the rules of the other state at the time it granted the applicant’s initial certificate.
 - (2) Has satisfied the 4-in-10 experience requirement set out in Section 6(c)(1)(B) of the Act.
 - (3) Has experience of the type required under the Act and these Rules for issuance of the initial certificate.
 - (4) Has met the CPE requirement pursuant to Section 6(c)(1)(C) of the Act, if applicable.

Rule 6-10 - International reciprocity.

- (a) The Board may designate a professional accounting credential or professional registration issued in a foreign country as substantially equivalent to a CPA license.**

 - (1) The Board may rely on the International Qualifications Appraisal Board for evaluation of foreign credential equivalency and may presume that an applicant with a foreign accounting credential that is covered by a currently valid Mutual Recognition Agreement (MRA) is substantially equivalent (subject to other qualifying requirements as provided in the MRA).**
 - (2) The Board may accept a foreign accounting credential in partial satisfaction of its domestic credentialing requirements if:**

 - (A) the holder of the foreign accounting credential met the issuing body's education requirement and passed the issuing body's examination used to qualify its own domestic candidates; and**
 - (B) the foreign credential is valid and in good standing at the time of application for a domestic credential.**
- (b) The Board may satisfy itself through qualifying examination(s) that the holder of a foreign credential deemed by the Board to be substantially equivalent to a CPA certificate possesses adequate knowledge of U.S. practice standards [and the Board's regulations]. The Board may rely on the National Association of State Boards of Accountancy, the American Institute of Certified Public Accountants, or other professional bodies to develop, administer, and grade such qualifying examination(s). The Board will specify the qualifying examination(s) and process by resolution.**
- (c) An applicant for renewal of a CPA certificate originally issued in reliance on a foreign accounting credential shall:**

 - (1) Make application for renewal at the time and in the manner prescribed by the Board for all other certificate renewals;**
 - (2) Pay such fees as are prescribed for all other certificate renewals;**
 - (3) If the applicant has a foreign credential in effect at the time of the application for renewal of the CPA certification, present documentation from the foreign accounting credential issuing body that the applicant's foreign credential has not been suspended or revoked and the applicant is not the subject of a current investigation. If the applicant for renewal no longer has a foreign credential, the applicant must present proof from the foreign credentialing body that the applicant for renewal was not the subject of any disciplinary proceedings or investigations at the time that the foreign credential lapsed; and**

- (4) **Either show completion of continuing professional education substantially equivalent to that required under Rule 6-4 within the three year period preceding renewal application, or petition the Board for complete or partial waiver of the CPE requirement based on the ratio of foreign practice to practice in this State.**
- (d) **The holder of a license or practice privilege issued or granted by this Board in reliance on a foreign accounting credential or license shall report any investigations undertaken, or sanctions imposed, by a foreign credentialing or licensing body against the CPA's foreign credential or license, or any discipline ordered by any other regulatory authority having jurisdiction over the holder's conduct in the practice of accountancy.**
- (e) **Suspension or revocation of, or refusal to renew, the CPA's foreign accounting credential by the foreign credentialing body may be evidence of conduct reflecting adversely upon the CPA's fitness to retain the certificate and may be a prima facie basis for Board action, subject to the following.**
- (f) **The Board may presume procedural due process and fairness if the foreign jurisdiction is a party to a current MRA that NASBA, the AICPA and this State have adopted.**
- (g) **Conviction of a felony or any crime involving dishonesty or fraud under the laws of a foreign country is evidence of conduct reflecting adversely on the CPA's fitness to retain the certificate and is a basis for Board action.**
- (h) **The Board shall notify the appropriate foreign credentialing authorities of any sanctions imposed against a CPA.**
- (i) **The Board may participate in joint investigations with foreign credentialing bodies and may rely on evidence supplied by such bodies in disciplinary hearings.**

Rule 6-11 - Peer review for certificate holders who do not practice in a licensed firm.

A certificate holder who issues compilation reports as defined in this Act other than through a CPA firm that holds a permit under Section 7 of this Act must undergo a peer review as required under Rules 7-3 and 7-4.

Discussion Topic: Potential Changes to 18VAC5-22-90 and 18VAC5-22-140

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DRAFT EXAMPLE

18VAC5-22-10. Definitions.

The definitions in § 54.1-4400 of the Code of Virginia apply to these regulations.

“CPE” means continuing professional education.

“CPE hour” means 50 minutes of participation in a program of CPE.

“Sponsor” means an individual or organization offering CPE programs to participants. The sponsor may or may not have developed the CPE program materials, but shall ensure the presentation of the learning objectives, through the CPE program materials and maintaining the documentation required by these program standards.

“Virginia-specific regulatory review course” means a two-hour CPE course from a board-approved sponsor on the on the provisions of § 54.1-4400 et seq. of the Code of Virginia and 18VAC5-22 specific to the practice of public accountancy in Virginia, emphasizing the provisions applicable to current practice situations. The course may include an overview of historic and recent disciplinary actions taken by the board, highlighting the misconduct that led to the imposition of discipline.

18VAC5-22-90. Continuing professional education requirements for issuance, reinstatement, or renewal of Virginia license.

- A. To obtain, reinstate, or renew a Virginia license, a person must obtain and is responsible for the accurate reporting of his satisfactory completion of the CPE requirements.
- B. For a person who is applying for the issuance of a Virginia license:
 1. If he applies in the same calendar year in which he passed the CPA examination, he shall complete the current year’s regulatory review course;
 2. If he applies in the calendar year after the calendar year in which he passed the CPA examination, he shall complete a minimum of 40 CPE hours, which must include the current calendar year’s Virginia-specific regulatory review course;
 3. If he applies two calendar years after the calendar year in which he passed the CPA examination, he shall complete a minimum of 80 CPE hours, which must include the current calendar year’s Virginia-specific regulatory review course; or
 4. If he applies three or more calendar years after the calendar year in which he passed the CPA examination, he shall complete a minimum of 120 CPE hours, which must include the current calendar year’s Virginia-specific regulatory review course.

In determining whether a person has met the requirements of this subsection, the board will only accept CPE hours earned during the current calendar year and the three calendar years prior to the current calendar year.

- C. For a person who is applying for the reinstatement of his Virginia license:

1. If he applies in the same calendar year in which his Virginia license was voluntary surrendered, expired, suspended, or revoked, he shall complete the current year's Virginia-specific regulatory review course;
2. If he applies in the calendar year after the calendar year in which his Virginia license was voluntary surrendered, expired, suspended, or revoked, he shall complete a minimum of 40 CPE hours, which includes must include the current calendar year's Virginia-specific regulatory review course;
3. If he applies two calendar years after the calendar year in which his Virginia license was voluntary surrendered, expired, suspended, or revoked, he shall complete a minimum of 80 CPE hours, which includes must include the current calendar year's Virginia-specific regulatory review course; or
4. If he applies in the calendar year after the calendar year in which his Virginia license was voluntary surrendered, expired, suspended, or revoked, he shall complete a minimum of 120 CPE hours, which includes must include the current calendar year's Virginia-specific regulatory review course.

In determining whether a person has met the requirements of this subsection, the board will only accept CPE hours earned during the current calendar year and the three calendar years prior to the current calendar year.

- D. A person who obtains a Virginia license for the first time, who has had his Virginia license reinstated, or who is no longer eligible for an exemption under 18VAC5-22-91 is not required to complete CPE during the calendar year in which his Virginia license was issued or reinstated or in which he is no longer eligible for an exemption under 18VAC5-22-91.
- E. For a person who is applying for the renewal of his Virginia license, he shall complete a minimum of 40 CPE hours during each calendar year following the calendar year in which his Virginia license was issued or reinstated or in which he is no longer eligible for an exemption under 18VAC5-22-91. These CPE hours must include:
 1. At least two CPE hours in ethics or the current year's Virginia-specific regulatory review course; and
 2. If the person releases or authorizes the release of reports on attest services, compilation services or financial statement preparation services, at least eight CPE hours in auditing or accounting.

18VAC5-22-91. Exemptions and extensions for continuing professional education requirements.

- A. A person who holds a Virginia license shall comply with the board's CPE requirements unless an exemption has been granted by the board.
- B. If Virginia is not a person's principal place of business, he may be eligible for an exemption from the board's CPE requirements for renewal of Virginia licenses.
 1. To establish eligibility for this exemption, the person shall:
 - a. Hold an active license of a substantially equivalent jurisdiction that grants him an unrestricted right to use the CPA title and to engage in the practice of public accounting;

- b. Complete at least the minimum amount of CPE hours in ethics that is acceptable to the board of accountancy of another state in which the person holds a license;
 - c. Comply with all other CPE requirements prescribed by the board of accountancy of the other state in which the person holds a license; and
 - d. Notify the board of his eligibility for this exemption if the board requests him to submit proof of his compliance with the board's CPE requirements.
 2. If the board of accountancy of the other state in which a person holds a license does not require CPE hours or does not require CPE hours in ethics, the person is not eligible for this exemption.
- C. If during the current calendar year a person who holds a Virginia license did not provide services to the public or to an employer, he may be eligible for an exemption from the board's CPE requirements for renewal of Virginia licenses.
 1. An exemption granted by the board under this subsection is prospective and does not relieve a person of his CPE requirements for prior calendar years.
 2. A person must demonstrate to the board that he does not provide services to the public or to an employer prior to the person ceasing completion of CPE hours.
 3. Any person to whom this exemption has been granted shall annually affirm and certify to the board his continued eligibility for the exemption in that he does not provide services to the public or to an employer.
 4. Prior to resuming providing services to the public or to an employer, a person holding a Virginia license shall submit documentation of completion of acceptable CPE equal to 10 CPE hours per calendar year quarter for each calendar year quarter in which the person has not been providing services, up to 120 CPE hours.
 - a. The person shall complete the current calendar year's Virginia-specific regulatory review course prior to resuming providing services to the public or to an employer. CPE hours obtained to meet this requirement will be counted towards the requirements of this subdivision.
 - b. In determining whether a person has met the requirements of this subdivision, the board will only accept CPE hours earned during the current calendar year and the three calendar years prior to the current calendar year.
- D. The board may grant an exemption to a person holding a Virginia license for all or part of the board's CPE requirements for renewal of Virginia licenses for circumstances beyond the control of the person, such as temporary disability, mandatory military service, or officially declared disasters.
- E. Depending on the facts and circumstances, the board may grant an extension for good cause of up to one year for the completion of the board's CPE requirements for renewal of Virginia licenses to a person who holds a Virginia license.

1. A person holding a Virginia license must request an extension no fewer than 60 days prior to the expiration of the Virginia license.
 2. Any extension granted shall not relieve the person of the CPE requirements.
- F. Determination of a person's eligibility for an exemption or extension is at the board's sole discretion. A person who holds a Virginia license who is aggrieved by the board's determination may request a proceeding in accordance with the provisions of the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia).

18VAC5-22-92. Methods of and documentation for continuing professional education.

- A. CPE acceptable to the board may be obtained through a variety of forums, provided there is a means of demonstrating that the education was obtained. The acceptable forums are:
1. Attending seminars and educational conferences, provided that the instructors have appropriate knowledge of the subject matter and use appropriate teaching materials, and that attendance is monitored in a manner that can be verified by the board;
 2. Taking courses at an accredited institution for credit;
 3. Completing self-study courses, provided there is a method for determining that the person met the learning objectives;
 4. Making a presentation at a professional seminar, educational conference, or in a classroom setting, provided the person has appropriate knowledge of the subject matter and uses appropriate teaching materials;
 5. Writing material that is relevant to providing services to the public or to an employer that is formally reviewed by an independent party and that is published in a book, magazine, digital publishing platform, or similar publication; and
 6. Passing examinations and obtaining certifications that have been approved by the board.

Whether other forums are acceptable shall be determined by the board on a case-by-case basis.

- B. In determining whether a person has obtained the minimum CPE hours:
1. One semester-hour of credit for courses at an accredited institution constitutes 15 CPE hours, and one quarter-hour of credit constitutes 10 CPE hours.
 2. No CPE hours will be granted to repeat presentations during a calendar year.
 3. No more than 20 CPE hours from preparing for and making presentations shall be granted during a calendar year. A person will be granted CPE hours equal to three times the amount of CPE hours a participant would receive.

4. No more than 20 CPE hours from writing and publishing materials relevant to providing services to the public or to an employer shall be granted during a calendar year.
5. CPE hours for examination and certification shall be granted for the calendar year in which the examination was passed and certification was received. If passage of the examination and certification occur in different calendar years, CPE hours shall be granted for the calendar year in which the examination was passed. The board shall determine how many CPE hours are granted per certification.

C. Evidence of satisfactory completion of the CPE requirements shall include:

1. The certificate or electronic record supplied by the sponsor that must include the sponsor's name, the participant's name, the title of the CPE program, the date of the CPE program, and the CPE hours earned;
2. The official transcript of the college or university for earning course credit at an accredited college or university;
3. A syllabus or agenda, and a signed statement from the holder of a Virginia license indicating the length of the presentation for making a presentation;
4. A copy of the published article, book, or written material, or other proof of publication for producing written material relevant to CPAs who provide services to the public or to an employer; or
5. In the case of exams and certifications that have been approved by the board, a letter from the administering organization that identifies the passage of the exam or the certification, the participant's name, and the date of passage or certification;

The board shall not accept receipts, registration confirmations, canceled checks, outlines, presentation slides, or sign-in sheets as valid evidence of satisfactory completion of the CPE requirements. Whether other documentation is acceptable shall be determined by the board on a case-by-case basis.

- D. A person who holds a Virginia license shall retain evidence of his satisfactory completion of the CPE requirements for a period that includes the current calendar year and the four years preceding the current year. The board may verify CPE reported by a person who applies for or who holds a Virginia license. Persons who hold Virginia licenses shall submit the evidence of satisfactory completion to the board within 30 calendar days upon the board's request.

18VAC5-22-120. Supervision of Firm Personnel

- A. To comply with subdivision C 2 of § 54.1-4412.1 of the Code of Virginia, a person's work must be planned, supervised, and reviewed by a person who either (i) holds a Virginia license or (ii) holds the license of another state and complies with the substantial equivalency provisions of § 54.1-4411 of the Code of Virginia.
- B. Firms providing attest services, compilation services, or financial statement preparation services shall establish policies and procedures to provide the firm with reasonable assurance that persons who release or authorize the release of reports on attest services, compilation services, or financial statement preparation services possess the kinds of competencies that are appropriate given the facts and circumstances. These policies and procedures shall address the required technical proficiency, familiarity with the industry and the person or entity, skills that indicate sound professional judgment, and other competencies necessary under the circumstances.

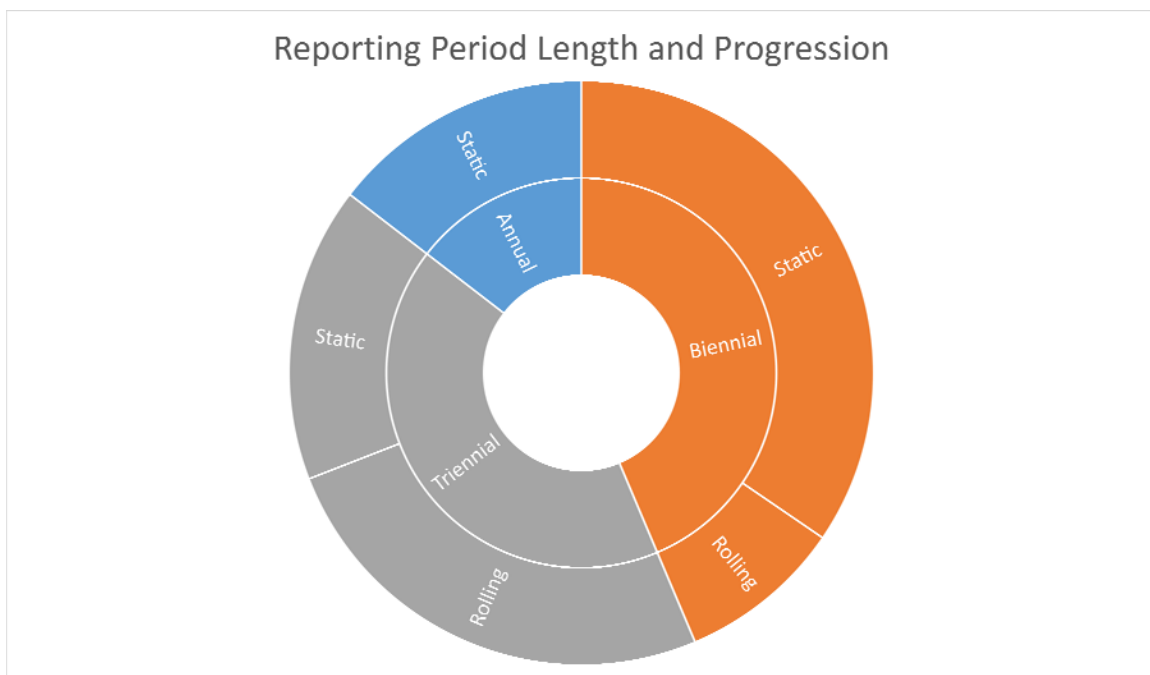
DRAFT EXAMPLE

Discussion Topic: National Trends in CPE Regulation

Overall CPE Requirements

With the exception of one jurisdiction¹, all state boards of accountancy have a general requirement for continuing professional education (“CPE”). Though jurisdictions differ in the length of a CPE reporting period and the progression, the annual requirement averages to forty (40) hours of CPE.² Only four (4) jurisdictions have variable overall CPE requirements that deviate from this average, which are discussed on page 4.

For the jurisdictions with biennial and triennial reporting periods, state boards of accountancy have to choose between either a static reporting period or a rolling reporting that advances one year every year. Static reporting periods are overall more common, but the distribution of them is not equal between biennial and triennial reporting periods.

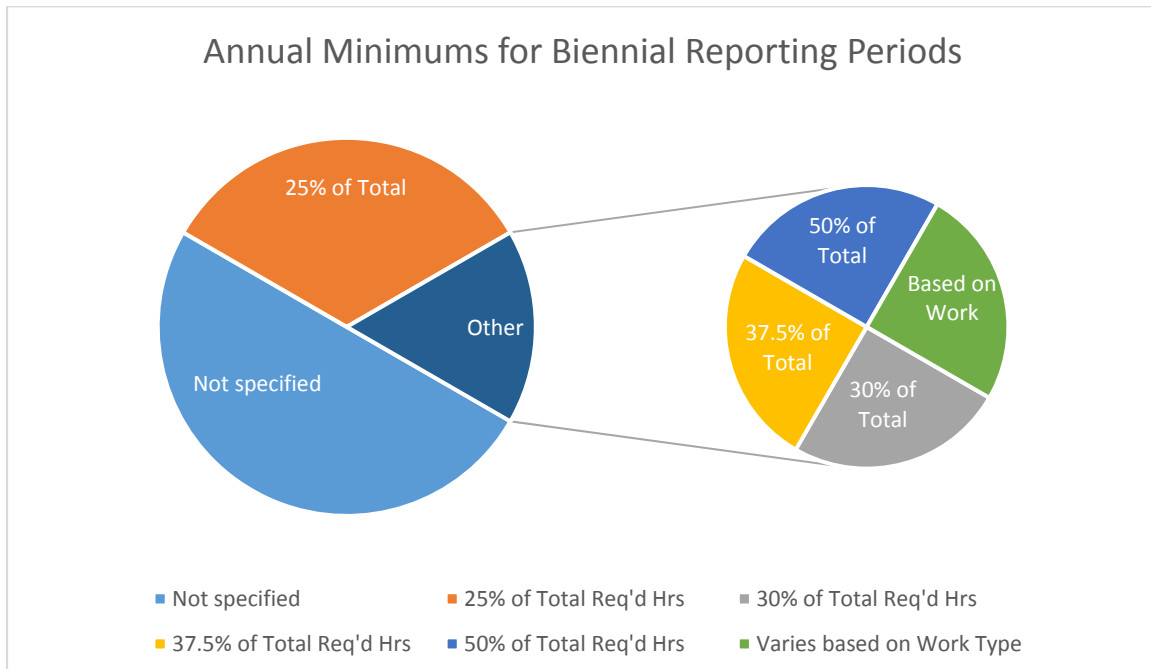


¹ Wisconsin currently requires no CPE. However, 2017 Wis. Act 88 requires its state board of accountancy to promulgate rules on specific CPE requirements by 2021.

² Triennial reporting periods typically require one hundred twenty (120) hours of CPE, biennial jurisdictions typically require eighty (80) hours of CPE, and annual reporting periods typically require forty (40) hours of CPE.

CATEGORY	TOTAL
Triennial	23
Static	9
Rolling	14
Biennial	24
Static	19
Rolling	5
Annual	8

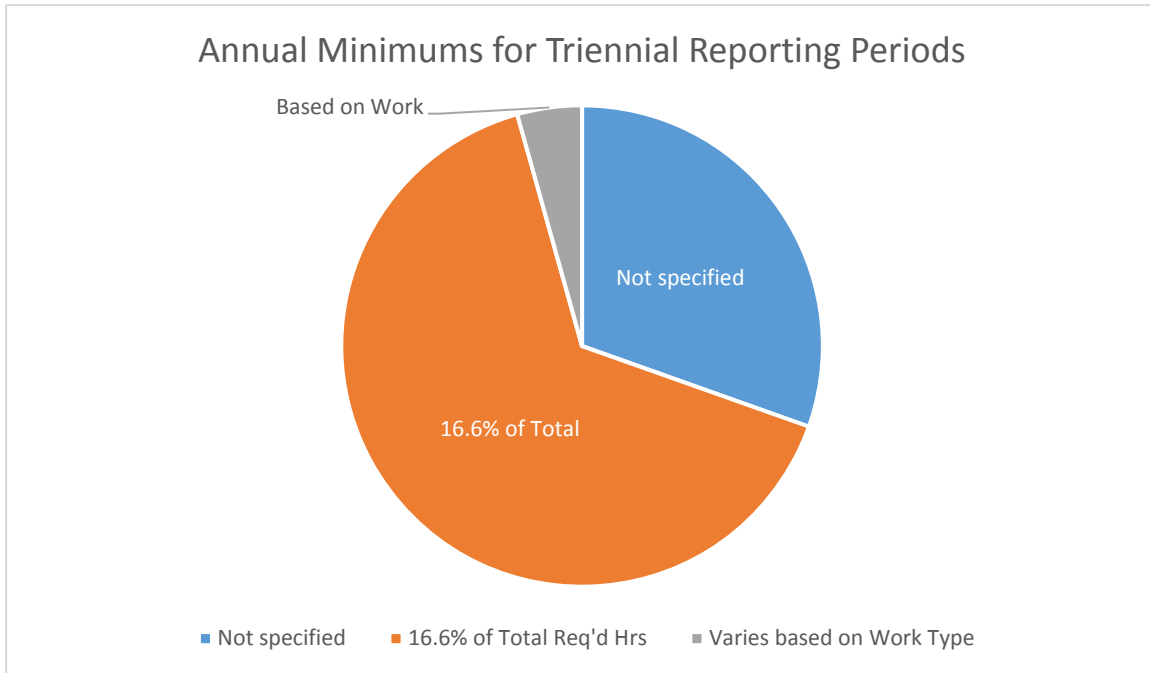
The majority of states that use a biennial reporting period do not specify annual minimum CPE requirements. Of the jurisdictions that do, most choose to require CPAs complete at least 25%³ of the required total hours annually. Kansas is the only state with a biennial reporting period that has a variable annual minimum CPE requirement. For those Kansas CPAs who are licensed municipal public accountants, they must complete an annual minimum of 20% of their required total hours; all other Kansas CPAs do not have a specified annual CPE minimum requirement.



³ Because of the variance in CPE regulations, CPE requirements were converted to percentages for ease of comparison between jurisdictions.

CATEGORY	TOTAL
Not specified	12
25% of Total Req'd Hours	8
30% of Total Req'd Hours	1
37.5% of Total Req'd Hours	1
50% of Total Req'd Hours	1
Varies based on Work Type	1

In contrast to the biennial reporting periods, most jurisdictions utilizing a triennial reporting period do specify the annual minimum hours of CPE, which is typically 16.6%. North Dakota is the only state with a triennial reporting period that has a variable annual minimum CPE requirement. For those North Dakota CPAs who are in public practice, they must complete an annual minimum of 16.6% of their required total hours; North Dakota CPAs not in public practice have both a lower reporting period requirement (discussed below) and a different annual minimum of 26.6% of the required total hours.



CATEGORY	TOTAL
16.6 % of Total Req'd Hours	15
Not specified	7
Varies based on Work Type	1

Outliers for Overall CPE Requirements

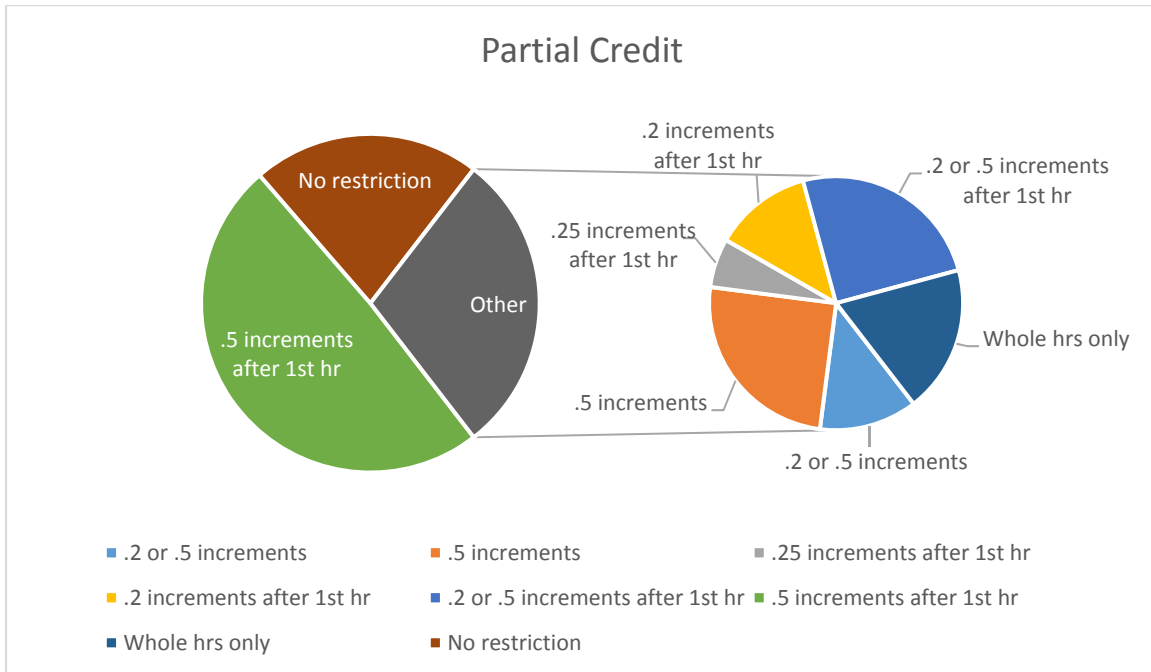
Kentucky, North Dakota, Puerto Rico, and New York are the only jurisdictions that deviate, in whole or in part, from the annual average of forty (40) hours of CPE.

- Kentucky uses a static biennial reporting period. It requires CPAs working 3,000 or more hours in a public accounting firm to obtain eighty (80) hours of CPE. For CPAs working less than 3,000 hours in a public accounting firm or for CPAs employed in industry, education, or government, the reporting period requirement is sixty (60) hours of CPE. There is no specified annual minimum.
- North Dakota uses a rolling triennial reporting period. It requires CPAs in public practice to obtain one hundred twenty (120) hours of CPE and CPAs not in public practice to obtain sixty (60) hours of CPE.
- Puerto Rico uses a static triennial reporting period. It requires practicing CPAs to obtain one hundred twenty (120) hours of CPE and non-practicing CPAs to obtain ninety (90) hours of CPE. There is no specified annual minimum.
- New York uses an annual reporting period. Instead of basing the required total number of hours on work performed by a CPA, New York allows its CPAs to choose their own CPE requirements. A New York CPA can either obtain forty (40) hours of CPE in any recognized subject area⁴, or obtain twenty-four (24) hours of CPE in a single subject area.

Partial Credit Restrictions

A majority of jurisdictions place restrictions on the increments in which CPE can be earned if the CPE is not in whole hours, which is summarized in the chart below. Despite the restrictions, there are several jurisdictions that make exceptions to their general rules regarding partial credit. This is most often the case for nano learning and for self-study, where the requirement for a full hour having to be completed first before partial credit is granted has been set aside. However, of the jurisdictions that either require whole hours of CPE or grant partial credit after the first hour is completed, twenty-nine (29) do not have any explicit exception or exemption for nano learning or for self-study.

⁴ These subject areas are accounting, attest, auditing, taxation, advisory services, specialized knowledge and applications related to specialized industries, and such other areas appropriately related to the practice of accounting.



CATEGORY	TOTAL
.5 increments after 1 st hr	27
No restriction	12
.5 increments	4
.2 or .5 increments after 1 st hr	4
Whole hrs only	3
.2 or .5 increments	2
.2 increments after 1 st hr	2
.25 increments after 1 st hr	1

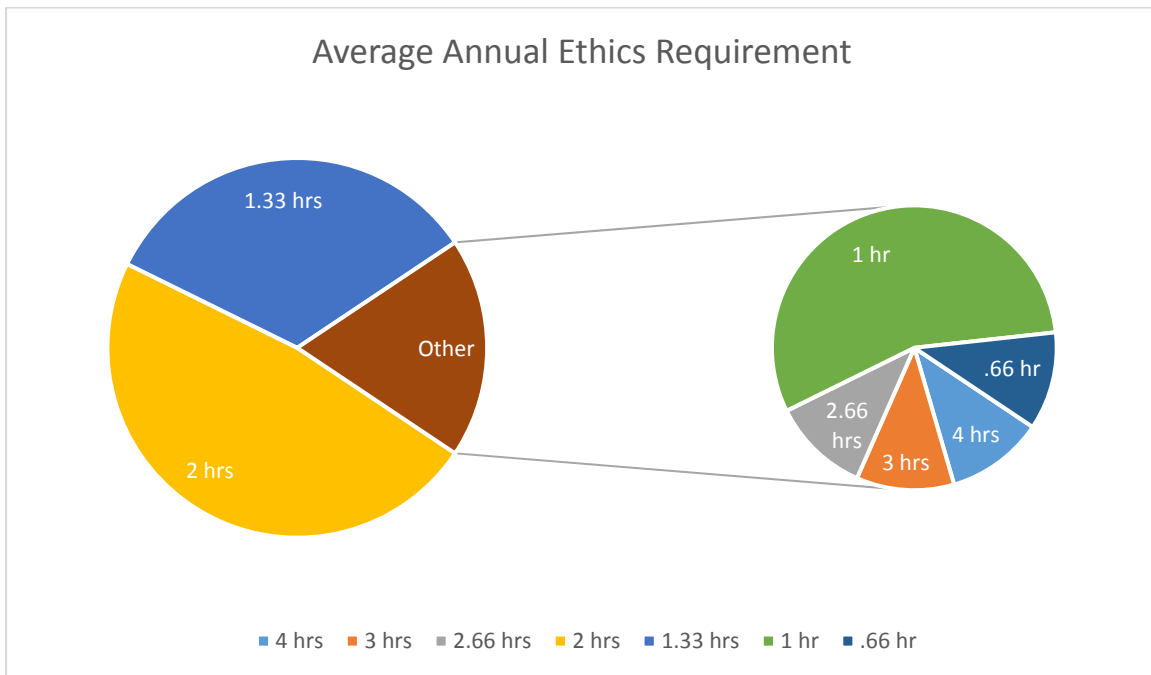
Ethics CPE

Of the jurisdictions requiring CPE, all but five (5)⁵ require some amount of ethics to be taken during the reporting period.⁶ Unlike the overall CPE requirements, which averages forty (40) hours per year across most jurisdictions, the average amount of ethics hours required varies nationally. The chart below summarizes the average annual ethics hours requirement. For those jurisdictions that did not specify an annual requirement for ethics, the annual ethics hours calculation was determined by dividing the number of ethics hours required by the frequency in which an ethics course need to be taken. It should also be

⁵ Alabama, American Samoa, Georgia, North Dakota, and South Dakota.

⁶ North Dakota will be introducing a requirement of 6 hours of ethics per triennial reporting period, or an average of 2 hours annually, beginning on July 1, 2020.

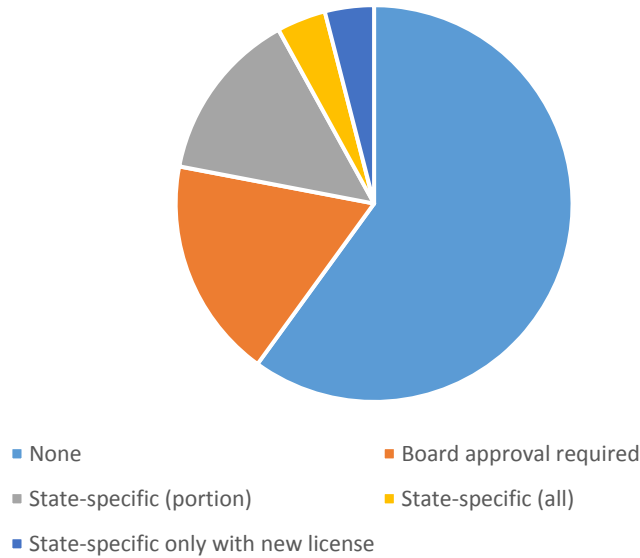
noted that while it is included in the chart below, Louisiana does not set the required number of ethics hours in statute or regulation so there can be some variation from year-to-year; for 2018, the length of the annual required Louisiana ethics course is three (3) hours.



CATEGORY	TOTAL
2 hrs	23
1.33 hrs	16
1 hr	5
4 hrs	1
3 hrs	1
2.66 hrs	1
.66 hr	1

The majority of states do not place any requirement on CPAs for the ethics course beyond taking the minimum amount of hours at the specified frequency. For the remaining twenty (20) jurisdictions that do regulation the specific content of the ethics course, there is good deal of variation. Some states require that the course itself be approved by the state board of accountancy whereas others require all or a portion of the course to be focused on the specific public accountancy statutes, regulations, and code of professional conduct in that jurisdiction. A small fraction of jurisdictions confine this requirement for an ethics course addressing state-specific materials to either the first period of licensure or the first period of licensure following reinstatement.

Ethics Course Content Controls



CATEGORY	TOTAL
None	30
Board approval required	9
State-specific (portion)	7
State-specific only with new license	2
State-specific (all)	2

Requirements and Limits on Subject Areas and Delivery Methods

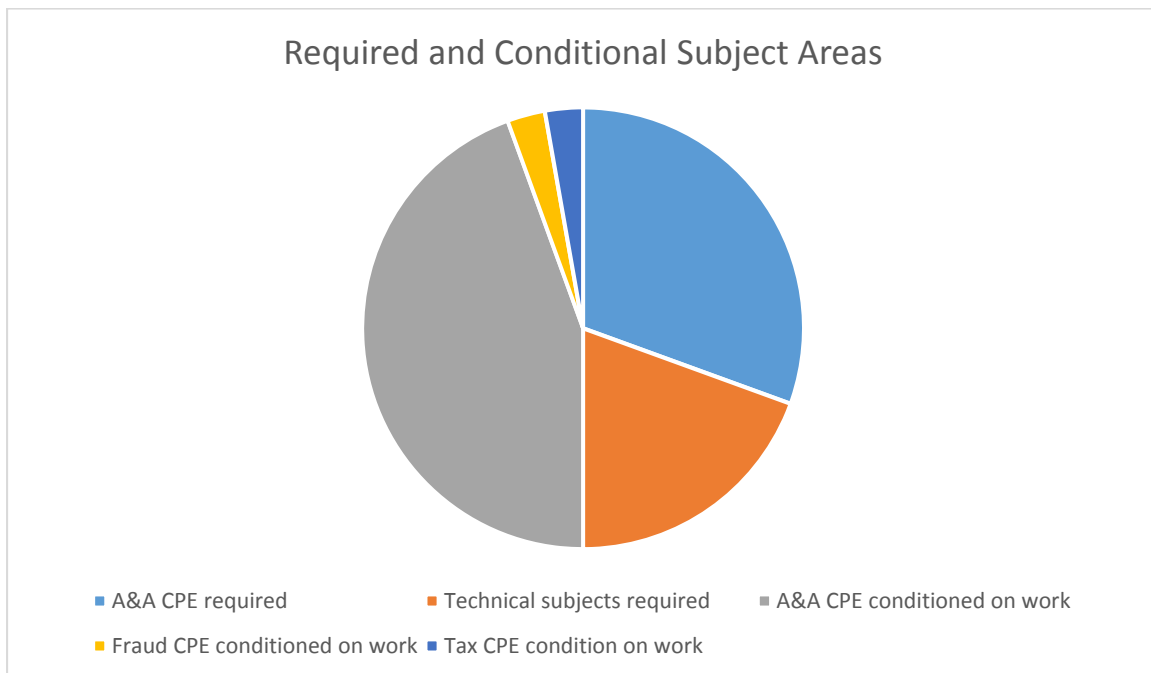
The greatest differences between jurisdictions in CPE regulation is the subject area of CPE. Regulation of subject areas can vary from capping certain types of subject areas (for example, Colorado imposes a cap on personal development of no more than 20% of required total hours) whereas other jurisdictions put restrictions on delivery methods (such as Delaware restricting self-study to a maximum of 30% of the required total hours). Only four (4) jurisdictions⁷ have no restriction on subject matter or delivery methods.

While twenty-three (23) jurisdictions have no subject area requirements, regardless of the work a CPA may or may not be doing, the remaining jurisdictions have promulgated regulations for required subject matter (again, regardless of the work being performed) and regulations for conditional subject matter.

⁷ Missouri, North Dakota, Northern Mariana Islands, and the U.S. Virgin Islands.

Required and Conditional CPE

Requirements regarding accounting and auditing (“A&A”) content differ greatly between jurisdictions. Eleven (11) jurisdictions require A&A of their CPAs irrespective of a given CPA’s work, with the minimum percentage of required A&A varying from 10% to 50% of required total hours. Other jurisdictions impose conditional requirements for A&A as well as other subject areas based on the work that a CPA is doing. This is summarized in the chart below.

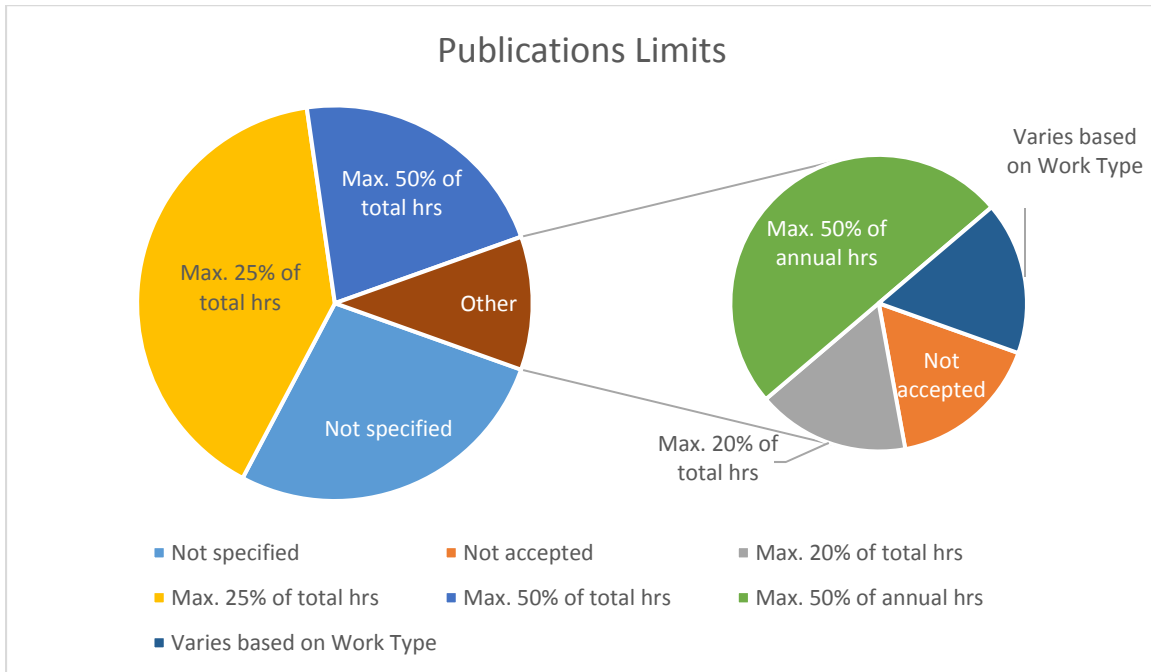


CATEGORY	TOTAL
A&A CPE conditioned on work	16
A&A CPE required	11
Technical subjects required	7
Fraud CPE conditioned on work	1
Tax CPE condition on work	1

Publications

A majority of jurisdictions put a limitation on how much CPE a CPA can earn through publications, varying between 20% to 50% of the required total hours, with only a single jurisdiction rejecting publications entirely. With the exception of three (3) jurisdictions⁸, those jurisdictions with limitations usually cap hours of CPE for publications based on the overall reporting period rather than on an annual basis.

⁸ Louisiana, Oklahoma, and Texas.



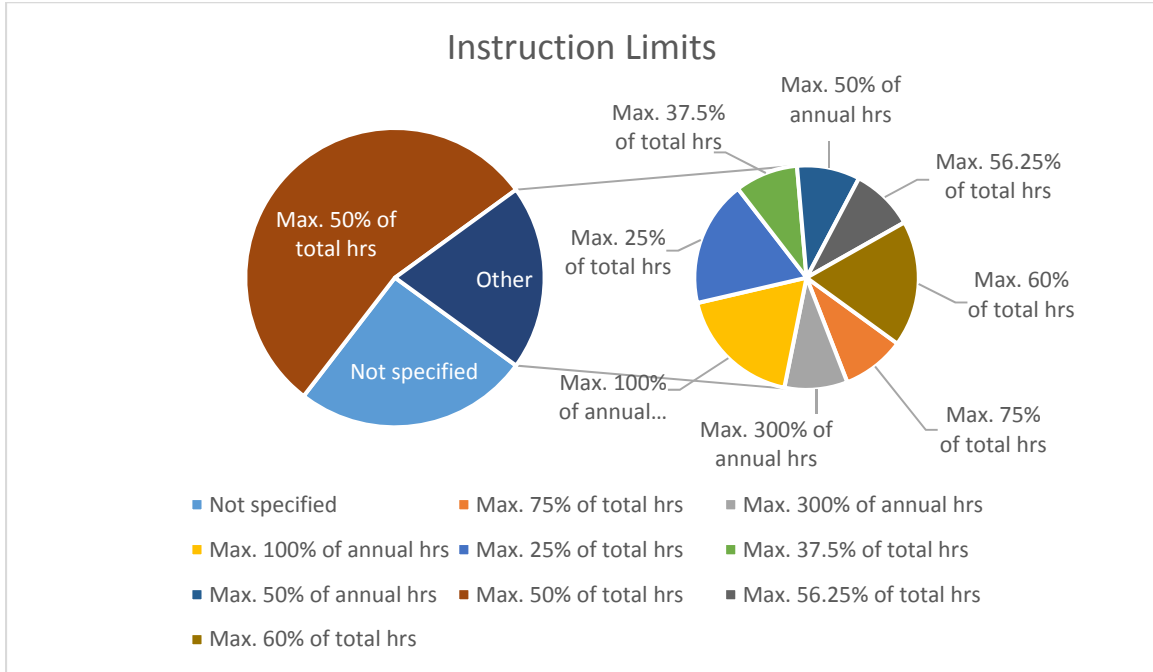
CATEGORY	TOTAL
Max. 25% of total hrs	22
Not specified	15
Max. 50% of total hrs	12
Max. 50% of annual hrs	3
Not accepted	1
Max. 20% of total hrs	1
Varies based on Work Type	1

Forty-seven (47) out of the fifty-four (54) jurisdictions accepting publications for credit do not specify how hours of CPE for each publication is to be computed. Of the remaining five (5) that do, their respective credit computation is described below:

- Arizona - Must be a minimum of 3,000 words. For each 3,000 words of written material, the author may earn two (2) credit hours.
- Delaware - One (1) hour of CPE is granted for each 50 minutes preparation time on a self-declaration basis.
- Maryland - No more than ten (10) hours of CPE per publication
- Pennsylvania - No more than twenty (20) hours of CPE per publication
- West Virginia - No more than sixty (60) hours of CPE per publication

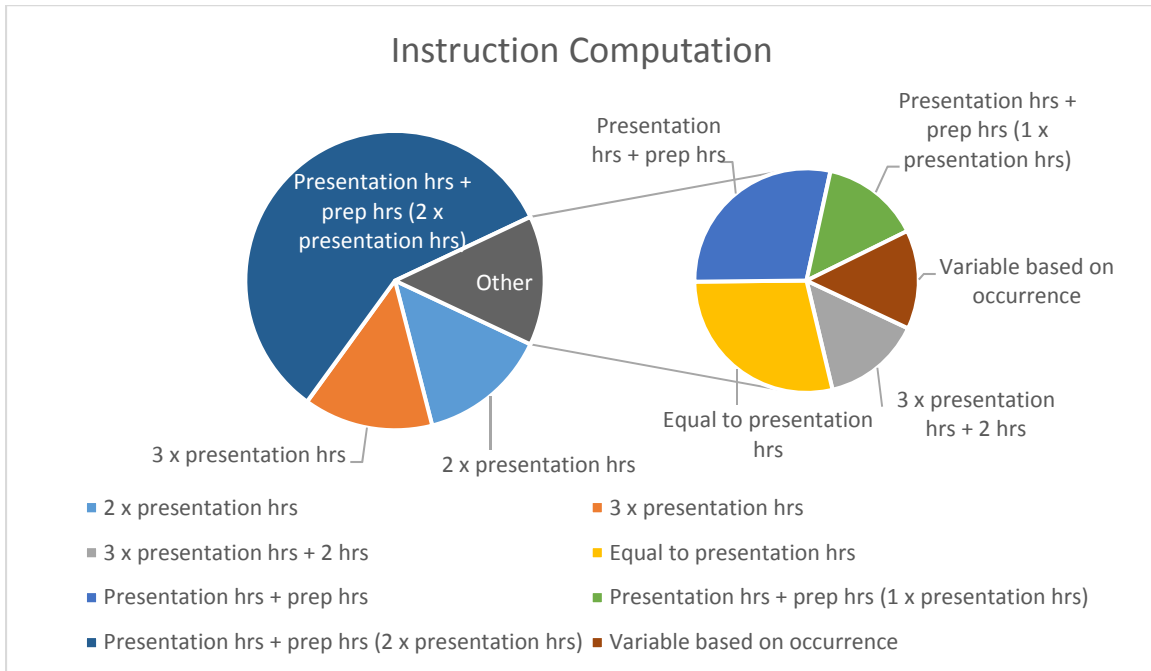
Instruction

Hours of CPE for instruction is accepted in every jurisdiction with CPE requirements, and every jurisdictions puts a cap on the hours of CPE that can be earned this way. The majority caps instruction credit at 50% of the required total hours during a reporting period.



CATEGORY	TOTAL
Max. 50% of total hrs	30
Not specified	14
Max. 100% of annual hrs	2
Max. 25% of total hrs	2
Max. 60% of total hrs	2
Max. 75% of total hrs	1
Max. 300% of annual hrs	1
Max. 37.5% of total hrs	1
Max. 50% of annual hrs	1
Max. 56.25% of total hrs	1

Contrary to the trend with publication credit, only five (5) jurisdictions⁹ have no set computation for instruction credit. Two (2) other jurisdictions¹⁰ do not have a set computation for preparation time. A single jurisdiction¹¹ has a varying calculation based on how many times a course has been taught by CPA and is the only jurisdiction that grants credit for repeat presentations.



CATEGORY	TOTAL
Presentation hrs + prep hrs (2 x presentation hrs)	29
2 x presentation hrs	7
3 x presentation hrs	7
Equal to presentation hrs	2
Presentation hrs + prep hrs	2
3 x presentation hrs + 2 hrs	1
Presentation hrs + prep hrs (1 x presentation hrs)	1
Variable based on occurrence	1

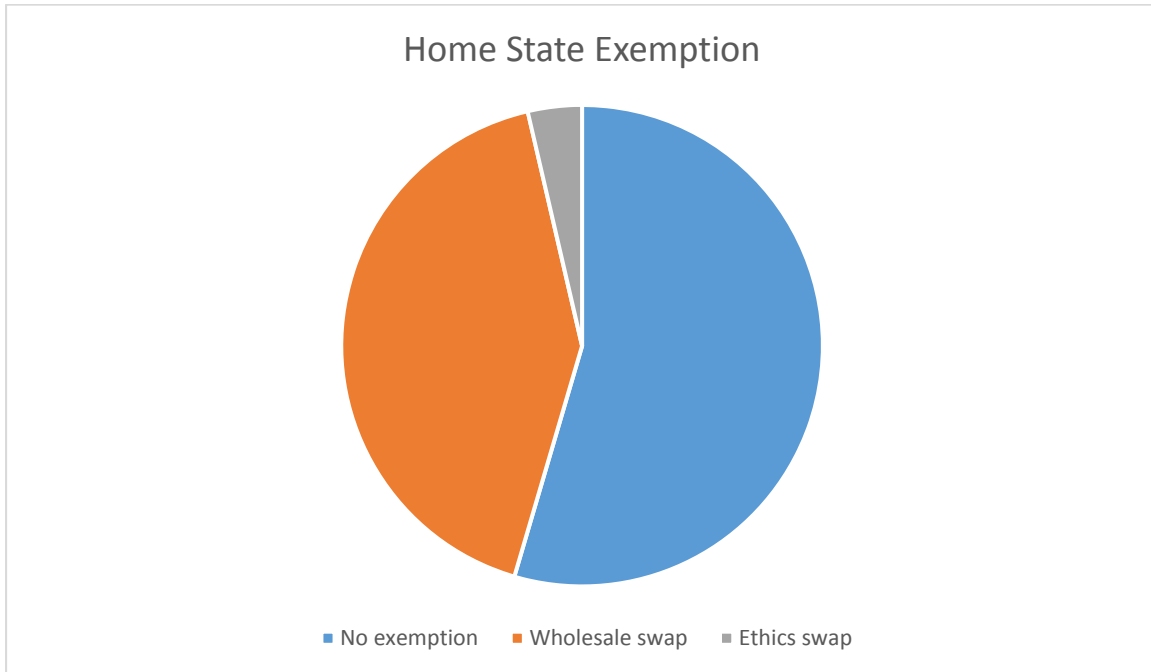
⁹ Colorado, Minnesota, Northern Marian Islands, U.S. Virgin Islands, and Washington.

¹⁰ Virginia and North Carolina.

¹¹ Florida.

Flexibility in Meeting CPE Requirements

There is a nearly even split between jurisdictions that offer some form of home state exception, either allowing for a wholesale swap of CPE requirements for that of the home jurisdiction to a limited swap of the ethics portion of CPE requirements.



CATEGORY	TOTAL
No exemption	30
Wholesale swap	23
Ethics swap	2

Many states have exceptions to this exemption. Common ones include that if the home state does not have either a general CPE requirement or an ethics requirement, then the CPA must comply with other state's general CPE or ethics requirement. Some states are stricter and require that the CPE requirements of the home state be substantially equivalent to their own. One (1) jurisdiction¹² will only allow the home state exemption if the home state would grant Alabama CPAs residing in its jurisdiction the same exemption.

Beyond the home state exemption, there are some jurisdictions that offer other flexibility in meeting the CPE requirements. Four (4) jurisdictions¹³ offer a grace period, or additional time, to meet the CPE

¹² Alabama.

¹³ Alaska, Florida, Guam, and Virginia.

requirements in a reporting period.¹⁴ One (1) jurisdiction¹⁵ explicitly waives the CPE requirements for any active duty military member who has been deployed outside of the jurisdiction or the spouse of that military member. Eleven (11) jurisdictions offer some degree of carryover of excess CPE into a future reporting period.

For the VBOA's Consideration

As the VBOA prepares to conduct a periodic review of 18VAC5-22, which includes its CPE regulations, the VBOA may wish to consider the approaches taken by sister state boards of accountancy and what changes, if any, it wishes to make to CPE in Virginia. Some considerations include:

- Should there be any changes to Virginia's rolling triennial reporting period and the overall minimum as well as annual minimum?
- What changes should be made to Virginia's ethics requirement?
- Should Virginia's regulations specify how partial credit is awarded?
- What changes or exceptions should be made to Virginia's partial home state exemption?
- Should Virginia introduce a cap on hours of CPE for publications and should there be a formula for determining publication credit?
- Should Virginia have a more detailed formula for awarding hours of CPE for instruction?
- Are there any other exemptions, waivers, or other flexibilities that the VBOA wants to add to its regulations?
- What information currently in guidance documents should be moved into regulation?

¹⁴ The grace period offered by Virginia is not in regulation, but is instead in a guidance document.

¹⁵ Arkansas.