

Thursday, June 21, 2018
VBOA 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 – **Matthew P. Boshers, Chair**
Security Briefing – **Patti Hambright, Administrative Assistant**
Determination of Quorum
Approval of June 21, 2018, Agenda
Approval of May 18, 2018, Board meeting minutes
Approval of Consent Agenda:
- Consent Orders:
 - 2017-436-042U (Ferguson and Brown)
- Public comment period*
- 10:10 a.m. 1. APA – FY2017 Audit Exit – **Martha Mavredes, Virginia Auditor of Public Accounts**
- 10:30 a.m. 2. Committee Updates – **Matthew P. Boshers, Chair**
- NASBA Committee Updates, as available
 - NASBA Middle Atlantic Regional Director – **Stephanie S. Saunders, CPA**
 - NASBA Executive Director’s Committee – **Wade A. Jewell, Executive Director**
- 10:40 a.m. 3. Executive Director’s Report – **Wade A. Jewell, Executive Director**
- General updates
 - May Board Report – **Mary T. Charity, Deputy Director for Operations**
 - May Financial Report – **Renai Reinholtz, Deputy Director for Finance and Administration**
- 11 a.m. 4. Board Discussion Topics – **Wade A. Jewell, Executive Director** (will adjourn to closed session for legal advice from OAG at some point during board discussion topics)
- Update on 2018 Legislation and Regulations
 - Use of Confidential Consent Agreements
 - Publication of Board Disciplinary Action
 - Volunteer services and the Active – CPE Exempt status
 - Active – CPE Exempt status and ethics course
 - Delegations of authority
 - Summary of educational requirements for licensure by jurisdiction
 - CPE credit – Request for Mortgage Loan Originator (MLO) Certification credit
 - Virginia-Specific Ethics Course update/discussion
- 12 p.m. Recess for Board lunch and recognition

- 1 p.m. 4. Board Discussion Topics, continued – **Wade A. Jewell, Executive Director**
- 2 p.m. 5. Additional Items for Discussion
- Carry over items/potential future topics
 - Trust Fund Reserve Policy (June)
 - CPE guidelines for publications (tbd)
 - Virginia-Specific Ethics Course (on-going)
 - Adjudication Manual (on-going)
 - CPE – VBOA/VSCPA discussions (on-going)
 - Marijuana Laws/Guidance (on-going)
 - North Carolina Dental Case (on-going)
 - Sign Conflict of Interest forms
 - Sign Travel Expense vouchers
 - Future meeting dates:
 - August 14, 2018
 - September 25, 2018
 - November 7, 2018 (George Mason University)
- 2:10 p.m. 6. Closed Session
Enforcement – **Rebekah E. Allen, Acting Enforcement Director**
- Status of Open Cases
 - OAG updates and legal advice
- 3 p.m. 7. Closed Session – Personnel – **Wade A. Jewell, Executive Director**
- 4 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 Planning Meeting
May 18, 2018
Draft/Unapproved minutes**

The Virginia Board of Accountancy met on Friday, May 18, 2018, in Training Room #1 A, B, and C of the Perimeter Center, 9960 Mayland Drive, Henrico, VA 23233.

MEMBERS PRESENT: Matthew P. Boshier, Esq., Chair
Susan Quaintance Ferguson, CPA, Vice Chair
D. Brian Carson, CPA
Stephanie S. Saunders, CPA
Laurie A. Warwick, CPA

**MEMBER PRESENT
FOR A PORTION OF
THE MEETING:** William R. Brown, CPA

MEMBER ABSENT: Andrea M. Kilmer, CPA

LEGAL COUNSEL: Robert Drewry, Assistant Attorney General,
Office of the Attorney General

STAFF PRESENT: Wade A. Jewell, Executive Director
Mary T. Charity, Deputy Director for Operations
Rebekah Allen, Acting Enforcement Director and Information and
Policy Advisor
Kelli Anderson, Communications Manager
Nicholas R. Tazza, Assistant Manager, Licensing and Examination
Patti Hambright, CPE Coordinator and Administrative Assistant

**MEMBERS OF THE
PUBLIC PRESENT:** W. Barclay Bradshaw, CPA, former Board member and Chair
Stephanie Peters, CAE, President and CEO, Virginia Society of Certified
Public Accountants
Maureen Dingus, CAE, Chief Operating Officer, Virginia Society
of Certified Public Accountants
Emily Walker, CAE, Vice President, Advocacy, Virginia Society of
Certified Public Accountants
Amy Mawyer, Vice President of Learning, Virginia Society of Certified
Public Accountants
Linda Newsom-McCurdy, CAE, Senior Director of Member Value,
Virginia Society of Certified Public Accountants

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David Bass, Public Affairs and Communications Director, Virginia
Society of Certified Public Accountants
Alan Nicholas, Peer Review Manager, Virginia Society of Certified
Public Accountants

CALL TO ORDER

Mr. Boshier called the meeting to order at 10:03 a.m.

SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Mr. Boshier determined there was a quorum present.

APPROVAL OF AGENDA

Upon a motion by Mr. Carson, and duly seconded, the members voted unanimously to approve the May 18, 2018, agenda as amended. The members voting “**AYE**” were Mr. Boshier, Ms. Ferguson, Mr. Brown, Mr. Carson, Ms. Saunders and Ms. Warwick.

APPROVAL OF MINUTES

Upon a motion by Mr. Brown, and duly seconded, the members voted unanimously to approve the April 19, 2018, Board meeting minutes. The members voting “**AYE**” were Mr. Boshier, Ms. Ferguson, Mr. Brown, Mr. Carson, Ms. Saunders and Ms. Warwick.

PUBLIC COMMENT PERIOD

Mr. Boshier welcomed and invited members of the public to provide comments. Mr. Boshier welcomed Mr. Bradshaw to a second term beginning on July 1, 2018.

EXECUTIVE DIRECTOR’S REPORT

General Updates

Mr. Jewell presented the following general updates regarding the VBOA:

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- Mr. Jewell informed the Board that staff, particularly Ms. Charity and Mr. Tazza, have been working closely with MicroPact and Mike Ulrey on data mapping. Mike Ulrey is the data conversion analyst hired to provide a smooth system transition.
- Mr. Jewell informed the Board that the second iteration with MicroPact was scheduled for next week.
- Ms. Charity provided an update regarding letters, emails and automated calls made regarding license renewals for April 2018.
- Mr. Jewell reported the Auditor of Public Accounts (APA) has concluded its FY2017 audit and reported no findings.
- Mr. Jewell notified the Board that he had participated in the NASBA Reorganization Impact Task Force and the AICPA teleconference. The results will be presented at the NASBA Regional meetings.
- The Board unanimously approved to support Ms. Saunders' nomination as a NASBA Director-at-Large.
- The Board unanimously approved to support Marc Moyers for a second term on NASBA's Nominating Committee.

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to nominate Mr. Jewell for the Lorraine P. Sachs Standard of Excellence Award. The members voting "AYE" were Mr. Boshier, Ms. Ferguson, Mr. Brown, Mr. Carson, Ms. Saunders and Ms. Warwick.

PUBLIC COMMENT PERIOD

Ms. Boshier congratulated Mr. Jewell on his new executive position with NASBA.

BOARD DISCUSSION TOPICS

Statute/Regulation changes (in process and proposed)

Ms. Allen led the discussion regarding statute/regulation changes (in process and proposed). She noted the new regulation implementing the June 30 license renewal date had been published in *The Virginia Register* with a 30-day comment period.

Ms. Allen also noted the four fast track regulatory changes await approval from the Governor's office.

Legislation updates

Ms. Allen discussed House Bill 297 regarding changes to guidance documents, which requires agencies to offer 30-day comment periods for new or revised guidance documents. The bill takes effect January 1, 2019. She noted that some agency documents are exempt from the new process.

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Ms. Allen discussed the regulatory reduction pilot program that the Department of Professional and Occupational Regulation (DPOR) and the Department of Criminal Justice Services (DCJS) will be taking part in. The Department of Planning and Budget (DPB) is in the process of determining how an agency is to calculate its baseline regulatory catalog. Ms. Allen noted that although the VBOA is not part of the pilot program, all executive branch agencies subject to the APA must submit their catalog to the DPB by July 1, 2020.

Use of Confidential Consent Agreements

Mr. Jewell led the discussion regarding the use of Confidential Consent Agreements. He noted the Board had never issued a Confidential Consent Agreement and under the laws of the Freedom of Information Act (FOIA), the agreement would not be confidential. Mr. Jewell will research and provide Board members with additional information. After a thorough discussion, the Board agreed to table this discussion for a later date.

Publication of Board Disciplinary Action

Mr. Jewell led the discussion regarding the publication of Board disciplinary actions. After a thorough discussion, the Board agreed to revisit this discussion at a later date.

Joint Legislative Audit and Review Commission

Mr. Jewell led the discussion regarding the Joint Legislative Audit and Review Commission (JLARC). Mr. Jewell and Ms. Allen met with the JLARC team regarding their policy analysis of the DPOR. Mr. Jewell noted JLARC is often asked to conduct studies.

Virginia-Specific Ethics Course

Mr. Jewell led an in-depth discussion between the Board members and members present from the VSCPA regarding the next steps for the Virginia-Specific Ethics Course contract. Ms. Peters provided comment, fielded questions and requested the Board approve the 2-year contract extension. The Board agreed to continue discussion of this topic following lunch.

RECESS FOR LUNCH 11:30 a.m.

RECONVENE 12:15 p.m.

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Virginia-Specific Ethics Course (continued)

After a thorough discussion, the Board decided to revisit the Virginia-Specific Ethics Course 2-year contract extension with the VSCPA at the June 21, 2018 Board meeting.

Volunteer services and the Active – CPE Exempt status

Mr. Jewell led the discussion regarding volunteer services and the Active – CPE Exempt status. Board members were in agreement with concerns regarding the Active – CPE Exempt status and volunteering CPA services. The discussion was tabled for a later date.

Mr. Brown has left the meeting.

Delegations of authority

Ms. Allen led the discussion regarding the delegations of authority. After a brief conversation, the Board chose to move the discussion to the later closed session to consult with legal counsel.

Specific credit hours (content) required to sit for the CPA exam in Virginia

Ms. Ferguson led the discussion regarding the specific credit hours (content) required to sit for the CPA exam in Virginia. Ms. Ferguson presented a PowerPoint entitled CPA Education – The Perils of Change. She provided Board members with statistics involving accounting majors. The Board discussed possible strategies for preparing future CPAs for success. Ms. Ferguson will work with the Board on possible requirements for the additional 30 semester hours of education necessary for obtaining a VA CPA license. Ms. Peters noted the VSCPA had begun discussions regarding a model of education for CPAs as well.

ADDITIONAL ITEMS FOR DISCUSSION

Carry Over Items/Potential Future Topics

- Trust Fund Reserve Policy (June)
- Adjudication Manual (on-going)
- CPE – VBOA/VSCPA discussions (on-going)
- Regulation changes (on-going)
- Marijuana Laws/Guidance (on-going)
- North Carolina Dental Case (on-going)

Sign Conflict of Interest forms

Sign Travel Expense vouchers

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Future meeting date

- June 21, 2018
 - November 7, 2018 (George Mason University)
-

ENFORCEMENT

Begin closed meeting

Upon a motion by Ms. Ferguson, and duly seconded, the members approved by unanimous vote the meeting be recessed and the VBOA immediately 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 reasonable aid in the consideration of this topic: Wade Jewell and Robert Drewry. The following non-members will be in attendance for a portion of the closed meeting to reasonably aid in the consideration of this topic: W. Barclay Bradshaw and Rebekah Allen.

End closed meeting

Upon a motion by Ms. Ferguson, and duly seconded, the VBOA approved by unanimous vote that the closed meeting, as authorized by § 2.2-3712.A of the Code of Virginia, be adjourned and that the VBOA immediately reconvene in an open public meeting. WHEREAS, the VBOA has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision 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 law 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:

Matthew P. Boshier, Esq. – Aye
Susan Quaintance Ferguson, CPA – Aye
D. Brian Carson, CPA – Aye

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Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Five (5)
Nays: None

Begin closed meeting

Upon a motion by Ms. Ferguson, and duly seconded, the members approved by unanimous vote the meeting be recessed and the VBOA immediately convene a closed meeting under the Virginia Freedom of Information Act to discuss and consider a personnel matter relating to the Board of Accountancy staff, a matter lawfully exempted from open meeting requirements under the ‘personnel matters’ exemption contained in Virginia Code § 2.2-3711(A) (1). The following non-member will be in attendance to reasonably aid the consideration of this topic: W. Barclay Bradshaw. The following non-member will be in attendance for a portion of the closed meeting to reasonably aid the consideration of this topic: Wade Jewell.

End closed meeting

Upon a motion by Ms. Ferguson, and duly seconded, the VBOA approved by unanimous vote that the closed meeting, as authorized by § 2.2-3712.A of the Code of Virginia, be adjourned and that the VBOA immediately reconvene in an open public meeting. WHEREAS, the VBOA has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision 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 law 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:

Matthew P. Boshier, Esq. – Aye
Susan Quaintance Ferguson, CPA – Aye
D. Brian Carson, CPA – Aye
Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Aye

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VOTE:

Ayes: Five (5)

Nays: None

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Ms. Ferguson, and duly seconded, the meeting adjourned by unanimous vote at 4:11 p.m. The members voting **AYE** were Mr. Boshier, Ms. Ferguson, Mr. Carson, Ms. Saunders and Ms. Warwick.

APPROVED:

Matthew P. Boshier, Esq., Chair

COPY TESTE:

Wade A. Jewell, Executive Director

Virginia Board of Accountancy
FY18 Board Report
As of May 31, 2018

| REPORT CATEGORIES | FY2018 - YTD as of 5/31/18 | FY2017 - YTD as of 5/31/17 | Fiscal Year Ending 6/30/17 | Fiscal Year Ending 6/30/16 | Fiscal Year Ending 6/30/15 | Fiscal Year Ending 6/30/14 |
|--|---------------------------------------|---------------------------------------|---|---|---|---|
| LICENSEES | | | | | | |
| Individuals: | | | | | | |
| Number of Active, licensed CPAs | 26,331 | 25,172 | 25,452 | 24,648 | 24,791 | 25,467 |
| Number of Active - CPE Exempt, licensed CPAs (a) | 1,543 | 1,379 | 1,326 | 1,158 | 898 | |
| Number of Active - Renewal Fee Delinquent (<12 months), licensed CPAs | 58 | 1,106 | 933 | 1,516 | 1,142 | 881 |
| Total Number of Licensed CPAs | 27,932 | 27,657 | 27,711 | 27,322 | 26,831 | 26,348 |
| Number of out-of-state licensees | 8,350 | 8,426 | 8,290 | 8,152 | 8,086 | 8,160 |
| Reinstatements - Individuals | 165 | 77 | 92 | 79 | 106 | 107 |
| Number of new CPA licenses issued | 1,159 | 1,248 | 1,378 | 1,322 | 1,240 | 1,345 |
| Net change in number of expired/voluntary surrendered licenses (>12 months) | 1,103 | 990 | 1,081 | 910 | 863 | 731 |
| Firms: | | | | | | |
| Number of Active, licensed CPA firms | 1,174 | 1,106 | 1,123 | 1,092 | 1,115 | 1,147 |
| Number of Active - Renewal Fee Delinquent (<12 months), licensed CPA firms | 4 | 60 | 44 | 65 | 71 | 71 |
| Total Number of Licensed CPA Firms | 1,178 | 1,166 | 1,167 | 1,157 | 1,186 | 1,218 |
| Reinstatements - Firms | 10 | 5 | 5 | 5 | 0 | 5 |
| Number of new CPA firm licenses issued | 70 | 60 | 65 | 29 | 40 | 38 |
| Net change in number of expired/voluntary surrendered firm licenses (>12 months) | 69 | 56 | 60 | 63 | 72 | 55 |
| EXAM CANDIDATES | | | | | | |
| Number of first time candidates applying to sit for CPA exam | 1,526 | 1,644 | 1,819 | 2,136 | 1,904 | 1,860 |
| ENFORCEMENT | | | | | | |
| Number of complaints | 81 | 79 | 82 | 145 | 84 | 74 |
| Types of complaints: | | | | | | |
| Unlicensed activity | 20 | 45 | 45 | 41 | 24 | 16 |
| Other disciplinary matters | 61 | 34 | 37 | 104 | 60 | 58 |
| CPE AUDITS | | | | | | |
| Number of CPE audits selected | 2,230 (b) | 1,781 | 2,022 | 1,578 | 1,088 | 971 |
| Status of CPE Audits: | | | | | | |
| # of CPE audits resulting in compliance | 1,581 | 1086 | 1,594 | 1,291 | 819 | 800 |
| # of CPE audit deficiencies | 249 | 234 | 428 | 286 | 269 | 171 |
| # of CPE audit deficiencies resulting in surrender of license | 22 | 22 | 51 | 30 | 17 | 7 |
| # of CPE audit deficiencies resulting in suspension of license | 9 | 16 | 24 | 19 | 19 | 10 |
| # of CPE audits open/pending review | 400 | 461 | 0 | 1 | 0 | 0 |
| CPE Audit Deficiency Rate | 14% | 18% | 21% | 18% | 25% | 18% |
| BUDGET/EXPENDITURES | | | | | | |
| Total YTD expenditures | \$2,145,086 | \$1,610,409 | \$1,727,506 | \$1,642,512 | \$1,424,978 | \$1,366,765 |
| Total fiscal year budget | \$2,417,446 | \$2,414,828 | \$2,414,828 | \$1,886,458 | \$1,648,449 | \$1,648,384 |
| % of expenditures vs. budget | 88.7% | 66.7% | 71.5% | 87.1% | 86.4% | 82.9% |

NOTES:

(a) The Active - CPE Exempt status became effective on July 1, 2014.

(b) CPE audits selected through May 2018.

VIRGINIA BOARD OF ACCOUNTANCY
FINANCIAL REPORT
FY18 BUDGET vs. ACTUAL EXPENSES
AS OF MAY 31, 2018

| <u>Expenditure Type</u> | <u>FY18 Operating Budget</u> | <u>FY18 YTD Expenditures</u> | <u>% Expended</u> | <u>FY17 YTD Expenditures</u> | <u>FY16 YTD Expenditures</u> | <u>FY15 YTD Expenditures</u> |
|---|------------------------------|------------------------------|-------------------|------------------------------|------------------------------|------------------------------|
| <u>Salaries & Benefits</u> | 1,285,385 | 1,116,452 | 86.9% | 1,103,143 | 999,185 | 901,488 |
| Total Salaries & Benefits | \$ 1,285,385 | \$ 1,116,452 | 86.9% | \$ 1,103,143 | \$ 999,185 | \$ 901,488 |
| <u>Contractual Services</u> | | | | | | |
| 1209 Charge Card Purchases (not distributed) | - | - | --- | - | - | - |
| 1211 Express Services | - | 686 | --- | - | - | - |
| 1214 Postal Services | 12,500 | 12,097 | 96.8% | 7,975 | 9,144 | 9,049 |
| 1215 Printing Services | 5,500 | 5,271 | 95.8% | 5,245 | 4,163 | 3,296 |
| 1216 Telecommunications - VITA | 13,000 | 10,535 | 81.0% | 12,272 | 10,021 | 7,256 |
| 1217 Telecommunications - Nonstate | - | 75 | --- | 600 | - | 30 |
| 1219 Inbound Freight | 450 | 149 | 33.0% | 418 | 858 | 436 |
| 1221 Organization Memberships (primarily NASBA) | 7,250 | 7,255 | 100.1% | 7,250 | 7,030 | 6,690 |
| 1222 Publication Subscriptions | 4,900 | 1,166 | 23.8% | 4,730 | 5,254 | 370 |
| 1224 Training - Courses, Workshops, Conferences | 8,900 | 11,217 | 126.0% | 8,914 | 8,566 | 12,638 |
| 1227 Training-Transportation, Lodging, Meals, Incidentals | 11,500 | 22,050 | 191.7% | 10,933 | 16,123 | 2,264 |
| 1228 Employee IT Training Courses/Workshops and Conferences | 100 | - | 0.0% | 91 | 91 | 91 |
| 1242 Fiscal Services (Credit Card Merchant Fees) | 55,000 | 42,971 | 78.1% | 53,790 | 47,883 | 44,753 |
| 1243 Attorney Services (Including OAG) | 51,736 | 51,736 | 100.0% | 24,844 | 36,671 | 27,744 |
| 1244 Mgmt. Services - NASBA/special accommodations - IT Support | 78,500 | 19,730 | 25.1% | 75,641 | 64,564 | 10,085 |
| 1246 Public Info/Public Relations (subscriptions) | 5,100 | 3,538 | 69.4% | 5,015 | 1,756 | 590 |
| 1247 Legal Services (Includes court reporting services) | 13,500 | 15,575 | 115.4% | 12,977 | 10,306 | 9,079 |
| 1248 Media Services | - | - | --- | - | 235 | - |
| 1249 Recruitment Advertising | - | - | --- | - | - | 905 |
| 1252 Electrical Repair/Maintenance | - | - | --- | 90 | - | 485 |
| 1253 Equipment Repair/Maintenance | - | - | --- | - | - | 50 |
| 1257 Plant Repair & Maintenance Services | - | - | --- | - | - | 89 |
| 1263 Clerical / Temp Services | 2,754 | 2,754 | 100.0% | 2,475 | - | - |
| 1264 Food and Dietary Services | 2,500 | 2,758 | 110.3% | 2,156 | 2,170 | 3,115 |
| 1265 Laundry & Linen Services | - | - | --- | 25 | - | - |
| 1266 Manual Labor Services (Includes shredding services) | 1,200 | 274 | 22.9% | 1,122 | 380 | 736 |
| 1267 Production Services | - | - | --- | - | 1,771 | 1,500 |
| 1268 Skilled Services | - | - | --- | - | 960 | 7,407 |
| 1272 VITA Pass Thru Charges (SA Maintenance, IT Upgrades, and ISO services) | 127,906 | 128,109 | 100.2% | 122,620 | 87,475 | 78,203 |
| 1273 Info Mgmt Design and Development Services (Project Manager) | 144,870 | 83,100 | 57.4% | - | - | 599 |
| 1275 Computer Software Maintenance | - | - | --- | - | 43,200 | 43,227 |
| 1278 VITA Information Technology Infrastructure Services | 108,832 | 109,433 | 100.6% | 90,483 | 118,041 | 98,143 |
| 1279 Computer Software Development Services (MicroPact and Data Conversion) | 634,596 | 337,655 | 53.2% | - | - | - |
| 1282 Travel - Personal Vehicle | 7,000 | 7,097 | 101.4% | 6,980 | 5,926 | 4,691 |
| 1283 Travel - Public Carriers | 700 | - | 0.0% | 589 | 543 | 1,032 |
| 1284 Travel - State Vehicles | 1,000 | 652 | 65.2% | 619 | 1,347 | 698 |
| 1285 Travel - Subsistence and Lodging | 1,500 | 2,182 | 145.4% | 1,250 | 1,749 | 6,484 |
| 1288 Travel, Meal Reimburse - Not IRS Rpt | 1,000 | 1,423 | 142.3% | 730 | 917 | 1,626 |
| Total Contractual Services | \$ 1,301,794 | \$ 879,489 | 67.6% | \$ 459,834 | \$ 487,145 | \$ 383,359 |
| <u>Supplies and Materials</u> | | | | | | |
| 1311 Apparel Supplies | - | - | --- | 248 | 842 | - |
| 1312 Office Supplies | 5,000 | 4,761 | 95.2% | 4,338 | 6,726 | 3,923 |
| 1313 Stationery and Forms | 2,500 | 2,004 | 80.2% | 2,214 | 2,249 | 2,271 |
| 1323 Gasoline (Enterprise vehicles) | 400 | 221 | 55.3% | 155 | 308 | 60 |
| 1335 Packaging and Shipping Supplies | 970 | 485 | 50.0% | 958 | 715 | 280 |
| 1342 Medical & Dental Supplies | 50 | - | 0.0% | 260 | 48 | 32 |

VIRGINIA BOARD OF ACCOUNTANCY
FINANCIAL REPORT
FY18 BUDGET vs. ACTUAL EXPENSES
AS OF MAY 31, 2018

| <u>Expenditure Type</u> | <u>FY18 Operating Budget</u> | <u>FY18 YTD Expenditures</u> | <u>% Expended</u> | <u>FY17 YTD Expenditures</u> | <u>FY16 YTD Expenditures</u> | <u>FY15 YTD Expenditures</u> |
|--|----------------------------------|----------------------------------|-----------------------|----------------------------------|----------------------------------|----------------------------------|
| <u>Supplies and Materials, continued</u> | | | | | | |
| 1352 Custodian Repair & Maintenance | - | 166 | --- | 41 | 48 | - |
| 1362 Food & Dietary Supplies | 575 | 354 | 61.6% | 561 | 260 | 395 |
| 1363 Food Service Supplies | 150 | 46 | 30.7% | 107 | 15 | 7 |
| 1364 Laundry & Linen Supplies | - | - | --- | 24 | - | 18 |
| 1373 Computer Operating Supplies | 7,100 | 3,194 | 45.0% | 7,004 | 3,402 | 3,963 |
| Total Supplies & Materials | \$ 16,745 | \$ 11,231 | 67.1% | \$ 15,919 | \$ 14,635 | \$ 10,951 |
| <u>Transfer Payments</u> | | | | | | |
| 1413 Awards & Recognition | 1,000 | 123 | 12.3% | 863 | 717 | 575 |
| 1415 Unemployment Compensation | - | - | --- | - | - | 4,512 |
| 1418 Incentives | 300 | - | 0.0% | 410 | - | - |
| Total Transfer Payments | \$ 1,300 | \$ 123 | 9.5% | \$ 1,273 | \$ 717 | \$ 5,087 |
| <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 | 6,518 | 76.7% | 8,460 | 4,865 | 5,277 |
| 1539 Building Rentals - Non-State Owned Facilities | 90,400 | 83,249 | 92.1% | 88,126 | 76,350 | 77,951 |
| 1541 Agency Service Charges (DOA, PSB, DHRM, LVA & eVA) | 36,326 | 38,075 | 104.8% | 36,071 | 32,411 | 31,893 |
| 1551 General Liability Insurance | 188 | - | 0.0% | 188 | 188 | 188 |
| 1554 Surety Bonds | 40 | - | 0.0% | 40 | 40 | 40 |
| 1555 Worker's Compensation | 1,000 | - | 0.0% | 968 | 978 | 857 |
| Total Continuous Charges | \$ 137,909 | \$ 127,842 | 92.7% | \$ 135,308 | \$ 116,287 | \$ 117,661 |
| <u>Equipment</u> | | | | | | |
| 2216 Network Components | 1,200 | 341 | 28.4% | 1,117 | 530 | - |
| 2217 Other Computer Equipment | 500 | 685 | 136.9% | 300 | 744 | 1,830 |
| 2218 Computer Software Purchases | - | 470 | --- | 2,157 | 3,556 | 140 |
| 2223 Exhibit Equipment | - | - | --- | - | - | 698 |
| 2224 Reference Equipment | 50 | 40 | 79.0% | 26 | 181 | - |
| 2231 Electronic Equipment | 175 | - | 0.0% | 164 | - | - |
| 2232 Photographic Equipment | 552 | 552 | 100.0% | 845 | - | - |
| 2233 Voice and Data Transmission Equipment | - | 164 | --- | - | 1,691 | 120 |
| 2238 Electronic and Photo Equipment Improvements (Board Rooms) | - | 6,125 | --- | - | - | - |
| 2261 Office Appurtenances (Blinds, Carpet, etc.) | 500 | - | 0.0% | - | 880 | 331 |
| 2262 Office Furniture | 15,000 | 555 | 3.7% | 3,375 | 14,385 | 2,068 |
| 2263 Office Incidentals | 2,750 | 953 | 34.7% | 2,646 | 1,627 | 792 |
| 2264 Office Machines | - | 65 | --- | 928 | 821 | 10 |
| 2268 Office Equipment Improvements | 150 | - | 0.0% | 129 | 129 | 445 |
| 2271 Household Equipment | - | - | --- | 342 | - | - |
| Total Equipment | \$ 20,877 | \$ 9,948 | 47.7% | \$ 12,030 | \$ 24,543 | \$ 6,433 |
| TOTAL ALL EXPENSE TYPES | \$ 2,764,010 | \$ 2,145,086 | 88.7% | \$ 1,727,506 | \$ 1,642,512 | \$ 1,424,978 |
| APPROPRIATION - CHAPTER 836 | \$ 1,917,446 | | | | | |
| Budget Execution Adjustment Request Approved 12/31/17 | \$ 500,000 | | | | | |
| Outstanding Budget Execution Adjustment Requests | \$ - | | | | | |
| Total Projected Appropriation | \$ 2,417,446 | | | | | |

**VIRGINIA BOARD OF ACCOUNTANCY
FINANCIAL REPORT
CASH BALANCE
As of May 31, 2018**

| | Operating Fund (09226) | | Special Fund (02020) | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | FY2018 - YTD as of 5/31/18 | FY2017 - YTD as of 5/31/17 | FY2018 - YTD as of 5/31/18 | FY2017 - YTD as of 5/31/17 |
| Beginning Fund Balance July 1: | \$ 511,346 | \$ 507,753 | \$ 3,677,602 | \$ 2,807,901 |
| YTD Revenue Collected * | 2,178,019 | 2,362,925 | 33,040 | 21,715 |
| Accounts Payable ** | 30,391 | 1,110 | 0 | 0 |
| Interfund Cash Transfers In/(Out), based on September 30th balance | (267,307) | (84,473) | 267,307 | 84,473 |
| Interfund Cash Transfers In/(Out), based on December 31st balance | 137,961 | (257,191) | (137,961) | 257,191 |
| Interfund Cash Transfers In/(Out), based on March 31st balance | 185,274 | (249,266) | (185,274) | 249,266 |
| Interfund Cash Transfers In/(Out), based on June 30 balance | 0 | 0 | 0 | 0 |
| YTD Expenditures | (2,145,086) | (1,610,409) | 0 | 0 |
| Cash Balance before annual transfers | \$ 630,598 | \$ 670,449 | \$ 3,654,714 | \$ 3,420,546 |
| Projected Cash Transfers: | | | | |
| Transfers to Central Service Agencies *** | (\$10,155) | (\$10,155) | \$0 | \$0 |
| Transfers for repayment of deferred contributions to the VRS **** | \$0 | \$0 | \$0 | \$0 |
| Cash Balance after transfers | \$ 620,443 | \$ 660,294 | \$ 3,654,714 | \$ 3,420,546 |

* 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.

**** Non-general fund transfer required by 2017 Virginia Acts of Assembly, Chapter 836, Part 3-1.01 II.1 for the expedited repayment of deferred contributions to the Virginia Retirement System authorized in Chapter 732, 2016 Acts of Assembly (for FY17 only).

**VIRGINIA BOARD OF ACCOUNTANCY
FINANCIAL REPORT
FY2018 - REVENUE BY FEE TYPE
Source: VBOA Licensing System (MLO)**

| Fee Type | FY2018 - YTD as of 5/31/18 | FY2017 - YTD as of 5/31/17 | Fiscal Year Ending 6/30/17 | Fiscal Year Ending 6/30/16 | Fiscal Year Ending 6/30/15 |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| (a) Pre-Evaluation of Transcripts Application Fee | \$ - | \$ - | \$ - | \$ 3,975 | \$ 13,800 |
| (b) Re-Exam Application | \$ 284,275 | \$ 303,530 | \$ 333,960 | \$ 369,945 | \$ 320,765 |
| (c) Renewal Fee | \$ 83,240 | \$ 110,200 | \$ 115,480 | \$ 61,220 | \$ - |
| Reinstatement Fee | \$ 1,726,037 | \$ 1,884,460 | \$ 2,086,540 | \$ 1,864,290 | \$ 1,849,935 |
| Duplicate Wall Certificate Fee | \$ 58,620 | \$ 40,425 | \$ 45,775 | \$ 35,450 | \$ 40,750 |
| License Verification Fee | \$ 1,800 | \$ 1,675 | \$ 1,775 | \$ 1,750 | \$ 1,825 |
| CPA Exam Score Transfers | \$ 18,125 | \$ 18,962 | \$ 20,487 | \$ 19,963 | \$ 21,550 |
| Failure to Respond to Board Requests | \$ 2,275 | \$ 1,875 | \$ 2,075 | \$ 2,075 | \$ 2,225 |
| Administrative Fee | \$ - | \$ 5,100 | \$ 5,100 | \$ 4,300 | \$ 2,200 |
| Bad Check Fee | \$ 1,000 | \$ 5,100 | \$ 5,100 | \$ 4,100 | \$ 10,129 |
| | \$ 150 | \$ 50 | \$ 50 | \$ 100 | \$ 50 |
| Total Revenue | \$ 2,175,522 | \$ 2,371,377 | \$ 2,616,342 | \$ 2,367,168 | \$ 2,263,229 |
| (d) Net Revenue per Commonwealth Accounting and Reporting System (Cardinal) | \$ 2,172,232 | \$ 2,357,742 | \$ 2,604,132 | \$ 2,378,598 | \$ 2,263,479 |
| (e) Difference | \$ 3,290 | \$ 13,635 | \$ 12,210 | \$ (11,430) | \$ (250) |

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.
- (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 MAY 31, 2018**

| | FY2018 - YTD as of 5/31/18 | FY2017 - YTD as of 5/31/17 | Fiscal Year Ending 6/30/17 | Fiscal Year Ending 6/30/16 | Fiscal Year Ending 6/30/15 |
|---|---------------------------------------|---------------------------------------|---|---|---|
| Fines levied/collected/receivable: | | | | | |
| \$ amount of fines levied | \$ 290,610 | \$ 159,900 | \$ 187,925 | \$ 284,528 | \$ 199,075 |
| \$ amount of fines collected | \$ 230,885 | \$ 178,413 | \$ 198,771 | \$ 252,626 | \$ 206,367 |
| \$ OAG Fees | \$ - | \$ - | \$ - | \$ 342 | \$ 371 |
| \$ Discharged | \$ - | \$ - | \$ - | \$ - | \$ - |
| Outstanding Current fines receivable (< 365 Days) | \$ 84,345 | \$ 28,092 | \$ 25,442 | \$ 51,538 | \$ 220,724 |
| Outstanding Written-off receivables (=> 365 Days) (a) | \$ 592,222 | \$ 581,083 | \$ 591,400 | \$ 576,150 | \$ 374,719 |

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: The Future of Confidential Consent Agreements

The Current Law

Va. Code § 54.1-4413.5, *Confidential consent agreements*:

- A. The Board may enter into a confidential consent agreement with a person or firm in lieu of disciplinary action.
- B. A confidential consent agreement:
 - 1. Shall be entered into only in cases involving minor violations of the provisions of this chapter or regulations promulgated by the Board;
 - 2. Shall not be disclosed by the person or firm;
 - 3. Shall include findings of fact and may include an admission or a finding of a violation; and
 - 4. Shall not be considered a notice or order of the Board but may be considered by the Board in future disciplinary proceedings.
- C. The Board shall adopt regulations in accordance with the Administrative Process Act (§ [2.2-4000](#) et seq.) to implement the provisions of this section. Such regulations shall identify the type of minor violations for which confidential consent orders may be offered and limit the number of confidential consent orders that may be offered to the same licensee in any given period. The Board shall not enter into a confidential consent agreement if there is probable cause to believe a licensee has demonstrated gross negligence or intentional misconduct in the practice of public accounting.

VBOA regulation 18 VACS-22-160, *Confidential Consent Agreements*:

To determine whether to enter into a confidential consent agreement under subsection A of § 54.1-4413.5 of the Code of Virginia, the board shall consider a violation minor if the board believes that the violation was not intentional misconduct, was not the result of gross negligence, and did not have a significant financial impact on persons or entities. The board shall enter into no more than two additional confidential consent agreements with a person or firm within 10 years after the first confidential consent agreement.

Option#1: Remove VBOA Authority to Enter into CCAs

The VBOA could propose legislation that would repeal Va. Code § 54.1-4413.5. The corresponding regulation (18VACS-22-160) would be removed via an exempt rulemaking action after the legislation became law. There is sufficient time, if the Board were to vote in June or August, for a legislative package to be submitted to the Governor's office.

BOARD ACTION: Vote to submit legislation to Governor that repeals Va. Code § 54.1-4413.5; upon enactment, vote to implement exempt rulemaking to repeal 18VAC5-22-160.¹

Option #2: Rename CCAs to Show Non-Confidential, Non-Exempt Nature

The current statute only restricts disclosure on the part of the Respondent (person or firm), and current OAG guidance is that the statute, as written, does not indicate that the VBOA has a FOIA exemption for these types of agreements. To reflect that this is not a truly “confidential” document, the statute could be written as follows:

- A. The Board may enter into an unpublished consent agreement with a person or firm in lieu of disciplinary action.
- B. An unpublished consent agreement:
 1. Shall be entered into only in cases involving minor violations of the provisions of this chapter or regulations promulgated by the Board;
 2. Shall not be disclosed by the person or firm;
 3. Shall include findings of fact and may include an admission or a finding of a violation; and
 4. Shall not be considered a notice or order of the Board but may be considered by the Board in future disciplinary proceedings.
- C. The Board shall adopt regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) to implement the provisions of this section. Such regulations shall identify the type of minor violations for which unpublished consent agreements may be offered and limit the number of unpublished consent agreements that may be offered to the same licensee in any given period. The Board shall not enter into an unpublished consent agreement if there is probable cause to believe a licensee has demonstrated gross negligence or intentional misconduct in the practice of public accounting.

Deleted: a confidential

Deleted: A confidential

Deleted: confidential

Deleted: orders

Deleted: confidential

Deleted: orders

Deleted: confidential

The corresponding regulation (18VAC5-22-160) would be updated to reflect this name change via an exempt rulemaking action after the legislation became law.

BOARD ACTION: Vote to submit legislation to Governor that amends Va. Code § 54.1-4413.5; upon enactment, vote to implement exempt rulemaking to amend 18VAC5-22-160.

¹ Depending on guidance from the Department of Planning and Budget regarding the requirement in Chapter 444 (2018 Acts of Assembly) to establish a “baseline regulatory catalog,” it may be wise to delay repeal of this regulation as its continued presence in the regulations would have nil effect on agency operations and could be repealed later if mandatory regulatory reduction is introduced.

Option #3: Add an Exception to FOIA for VBOA CCAs

There are potentially three different ways in which the VBOA could attempt to have an exception to FOIA added that would allow it to withhold CCAs.

Method A:

As previously noted during the May meeting, this may become a matter of a great deal of contention, as FOIA is very closely monitored by several special interest groups.

BOARD ACTION: Vote to submit legislation to Governor that amends Va. Code § 2.2-3705.3, *Exclusions to application of chapter; records relating to administrative investigations*,² or § 2.2-3705.7, *Exclusions to application of chapter; records of specific public bodies and certain other limited exclusions*.

Method B:

While most FOIA exceptions exist in the Act itself (Va. Code § 2.2-3700 et seq.), the VBOA has an agency-specific FOIA exemptions statute (Va. Code § 54.1-4424, *Certain information not to be made public*):

Tax returns, financial statements, and other financial information that is not generally available to the public through regulatory disclosure or otherwise, subdivision 3 of § 54.1-108 notwithstanding, provided to the Board by a complainant or as a result of an investigation of a licensee by the Board in response to a complaint shall be exempt from the provisions of the Virginia Freedom of Information Act (§ 2.2-3700 et seq.).

The statute could be amended as follows:

Tax returns, financial statements, and other financial information that is not generally available to the public through regulatory disclosure or otherwise, subdivision 3 of § 54.1-108 notwithstanding, provided to the Board by a complainant or as a result of an investigation of a licensee by the Board in response to a complaint, or confidential consent agreements entered into under § 54.1-4413.5 shall be exempt from the provisions of the Virginia Freedom of Information Act (§ 2.2-3700 et seq.).

However, as noted with Method A, it would be difficult to have the bill become law.

BOARD ACTION: Vote to submit legislation to Governor that amends Va. Code § 54.1-4424.

Method C:

It should be noted that the Department of Health Professions also has the power to enter into CCAs. The statute enabling DHP to enter into CCAs is DHP's enumerated powers list (analogous to Va. Code § 54.1-4403). It cross-references Va. Code § 54.1-2400.2, *Confidentiality of information obtained during an investigation or disciplinary proceeding; penalty*, wherein (1) any investigatory documents "shall be strictly

² Most exclusions in this section are for active investigations, so it is unclear if an exclusion for CCAs—which close an investigation—would fit here.

confidential”, and (2) restrictions are placed on DHP regarding to whom disclosures can be made and under what circumstances. This is contrasted against Va. Codes § 54.1-4413.5, where the document is named “confidential consent agreement” rather than the document being deemed confidential. Va. Code § 54.1-4413.5 also lacks restrictions on the VBOA’s ability to disclose; all restrictions about disclosure of a VBOA CCA are placed on the Respondent. However, both Va. Code §§ 54.1-2400.2 and 4413.5 do not reference FOIA.

Counsel should be consulted to determine if introducing similar language regarding (1) deeming a document confidential, and/or (2) placing restrictions on the VBOA’s disclosure without referencing FOIA is sufficient to exempt the VBOA’s CCAs from FOIA.

BOARD ACTION: Vote to submit legislation to Governor that amends Va. Code § 54.1-4413.5.

DRAFT

Board Policy #9

| | |
|--------------------------|--|
| TITLE: | Active – CPE Exempt Status Procedure for Approval/Denial/Appeal |
| EFFECTIVE DATE: | March 8, 2018 To be decided |
| AUTHORITY: | § 54.1-4409.1(B) of the Code of Virginia and Board Regulation 18VAC5-22-90(C) |
| POLICY STATEMENT: | <p>Active – CPE Exempt status is defined as a Virginia licensee that is currently and actively licensed as a CPA and may use the CPA title. However, the individual is not currently providing services to the public (providing services that are subject to the guidance of the standard-setting authorities listed in the standards of conduct and practice in subdivisions 5 and 6 of § 54.1-4413.3) or to or on behalf of an employer (providing to an entity services that require the substantial use of accounting, financial, tax, or other skills that are relevant, as determined by the Board) and therefore is NOT required to meet the Board's CPE requirements. A Virginia licensee who holds the Active – CPE Exempt status may not provide services to the public or to or on behalf of an employer on a volunteer basis, pro bono basis or for any compensation.</p> <p>Virginia CPAs must proactively apply for this status by submitting a Change of License Status Request Form (Active to Active – CPE Exempt) to the VBOA. Virginia CPAs not approved for this status are required to maintain CPE in accordance with Board statutes and regulations and will not be exempt from CPE requirements if audited.</p> <p>Procedure for approval/denial/appeal of Active – CPE Exempt status:</p> <ol style="list-style-type: none">1. Application form must be submitted to the VBOA.2. Upon receipt of form and supporting documentation (if applicable), Director of Operations or Executive Director (staff) makes determination (approve or deny status change).3. If approved by staff, status is changed in system. Licensee is informed of change.4. If denied by staff, licensee is informed of denial.5. As part of the staff approval process, staff may have questions regarding a specific type of experience presented on an application that could affect the determination of the Active – CPE Exempt status. In such cases, staff may ask the Board Chair or designee (excluding the Enforcement Committee Chair) for determination.<ol style="list-style-type: none">a. If approved by a Board member, status is changed in system. Licensee is informed of change.b. If denied by a Board member, licensee is informed of denial.6. Following initial denial of the Active – CPE Exempt status (#4 or #5b above), an applicant may appeal the decision (with or without additional documentation presented by the applicant to assist the Board in making a determination).7. If an appeal is made after the request is denied by staff (#4), the Board Chair or designee will make the final determination of status.<ol style="list-style-type: none">a. If approved by Board Chair or designee, status is changed in system. Licensee is informed of change. |

POLICY STATEMENT, con't:

- b. If denied by Board Chair or designee, licensee is informed of denial and that no further appeals are available.
- 8. If an appeal is made after the request is denied by a Board member (#5b), the Board's Enforcement Committee Chair will make the final determination of status.
 - a. If approved by the Enforcement Committee Chair, status is changed in system. Licensee is informed of change.
 - b. If denied by the Enforcement Committee Chair, licensee is informed of denial and that no further appeals are available.

APPROVAL AND REVIEW:

This Board policy was reviewed on March 8, 2018.

SUPERSESSION:

This Board policy replaces Board Policy #9 effective April 30, 2015.

**BOARD CHAIR AT
LAST REVIEW:**

Matthew P. Boshier

**BOARD MEMBERS AT
LAST REVIEW:**

Susan Quaintance Ferguson, CPA, Vice Chair
William R. Brown, CPA
D. Brian Carson, CPA, CGMA
Andrea M. Kilmer, CPA, CFF, CGMA
Stephanie S. Saunders, CPA
Laurie A. Warwick, CPA

EXECUTIVE DIRECTOR:

Wade A. Jewell

Board Policy #11

| | |
|--------------------------|--|
| TITLE: | Delegations of Authority |
| EFFECTIVE DATE: | To be determined |
| AUTHORITY: | § 54.1-4403 of the Code of Virginia |
| POLICY STATEMENT: | <p>The Virginia Board of Accountancy delegates to staff and its committee the authority to act without requiring prior ratification from the full Board under the following circumstances.</p> <p>The VBOA staff have the authority to:</p> <ul style="list-style-type: none">• Examine and approve applications for initial licensure, renewal of licensure, and reinstatement of licensure, provided no information is disclosed or discovered that calls into question an applicant’s suitability to use the CPA title in Virginia.• Examine and approve eligibility for taking the CPA exam and to examine and to grant requests for necessary and reasonable exam accommodations under the Americans with Disabilities Act.• Examine and make the initial determination to approve or deny requests to change the status of a Virginia CPA license or the name or address of a Virginia licensee.• Examine and to approve or deny requests to become an approved provider/sponsor of the current year’s Virginia-Specific Ethics Course.• Examine a licensee’s compliance with the continuing professional education requirements and to defer such review if the licensee voluntarily surrenders their Virginia individual CPA license.• Work in coordination with the Department of Planning and Budget and with the Virginia Information Technologies Agency to prepare and submit an agency strategic plan and information technology strategic plan, respectively.• Collect payments of fees and monetary penalties, to establish an annual operating budget, to request additional appropriation, and to prepare its financial statements.• Prepare and submit the biennial report prescribed by § 54.1-4421 of the Code of Virginia.• Do all things necessary to ensure the orderly and lawful operation of the VBOA and to carry into effect § 54.1-4400 et seq. of the Code of Virginia and regulations promulgated by the VBOA. <p>The VBOA investigators have the authority to:</p> <ul style="list-style-type: none">• Initiate or receive complaints concerning compliance with any statutes or regulations pertaining to the VBOA or any of the programs that may be in another title of the Code of Virginia for which the VBOA has regulatory responsibility.• Initiate a complaint if after two peer reviews, a firm receives “pass with deficiency,” “fail,” or any combination thereof, for review and determination as to whether there has been any violation of the VBOA’s statutes and/or regulations.• Offer Consent Orders for CPE deficiencies and any associated false statements on renewal applications in conformity with the guidelines set by the VBOA.• Defer enforcement proceedings for CPE deficiencies and any associated false |

POLICY STATEMENT, con't:

statements on renewal applications if the licensee voluntarily surrenders their Virginia individual CPA license.

The VBOA Executive Director has the authority to:

- Sign Consent Orders that involve CPE deficiencies and any associated false statements on renewal applications.
- Sign Orders Permitting Reinstatement for those reinstatement applicants who have fully complied with the terms and conditions of disciplinary orders wherein the VBOA suspended their Virginia individual CPA licenses for CPE deficiencies.
- Waive all or part of a licensee's CPE requirements for one or more calendar years or grant additional time for complying with the CPE requirements, provided a waiver or deferral is in the public's best interest.
- Examine and determine on a case-by-case basis if hours of CPE will be granted for forums not otherwise specified in VBOA regulation 18VAC5-22-90(E).
- Close complaints if it is determined that the VBOA lacks subject matter jurisdiction, that the complaint has been untimely filed, or both.
- Preside over proceedings held pursuant to § 2.2-2019 of the Code of Virginia for matters involving:
 - (1) CPE deficiencies and any associated false statements on renewal applications
 - (2) Eligibility matters where reinstatement applicants have not fully complied with the terms and conditions of disciplinary orders wherein their Virginia individual CPA licenses were suspended for CPE deficiencies
- Close enforcement cases involving CPE deficiencies and any associated false statements on renewal applications if the Executive Director determines there is no finding of fact to indicate the VBOA has cause to impose discipline or if the violation is so minor that disciplinary action is not in the public's best interest.
- Designate, in writing, a staff member to have the same authority in the event of the Executive Director's absence.

The VBOA Enforcement Committee has the authority to:

- Examine and determine on a case-by-case basis if hours of CPE will be granted for forums not otherwise specified in VBOA regulation 18VAC5-22-90(E).
- Offer Consent Orders for any enforcement matter.
- Close enforcement cases if determined that there is no finding of fact to indicate the VBOA has cause to impose discipline or if the violation is so minor that disciplinary action is not in the public's best interest.
- Preside over proceedings held pursuant to § 2.2-2019 of the Code of Virginia for any enforcement matter.

The VBOA Peer Review Oversight Committee has the authority to engage in activities detailed in Board Policy #7.

The VBOA Ethics Committee has the authority to engage in activities detailed in Board Policy #8.

APPROVAL AND REVIEW: This Board policy was reviewed on June 21, 2018.

SUPERSESSION: This Board policy is new

**BOARD CHAIR AT
LAST REVIEW:** Matthew P. Boshier

**BOARD MEMBERS AT
LAST REVIEW:** Susan Quaintance Ferguson, CPA, Vice Chair
William R. Brown, CPA
D. Brian Carson, CPA, CGMA
Andrea M. Kilmer, CPA, CFF, CGMA
Stephanie S. Saunders, CPA
Laurie A. Warwick, CPA

EXECUTIVE DIRECTOR: Wade A. Jewell

VBOA

CPE Credit for Certifications/Exams/Licensures

| Credential | Process | Recommended study | Test Length | CPE Hours | Comments |
|---|---|--|---|------------------|---|
| Chartered Alternative Investment Analyst (CAIA) | Level I | 200 hours (Average per CAIA website) | 4 hours; 200 multiple choice | 25 | CBT |
| | Level II | 200 hours (Average per CAIA website) | 4 hours; 100 multiple choice; 3 sets of essay questions | 25 | CBT |
| Chartered Financial Analyst (CFA) | Level I | 300 hours each level (per CFA website as reported by candidates) 4 years to complete all 3 levels | 6 hours; 240 multiple choice | 30 | Paper |
| | Level II | | 6 hours; 120 items (20 vignettes with 6 items each) | 30 | Paper |
| | Level III | | 6 hours; 8-12 essay questions; 10 item sets | 30 | Paper |
| Certified Accounts Payable Professional (CAPP) | | Minimum 3 months per Institute of Financial Operations (accrediting organization) | 3 hours; 200 multiple choice | 20 | CBT |
| Certified Managerial Accountant (CMA) | Part 1: Financial Reporting, Planning, Performance, Control | 150 hours (average per candidates) | 4 hours; 100 multiple choice & 2 essay questions | 20 | CBT |
| | Part 2: Financial Decision Making | 150 hours (average per candidates) | 4 hours: 100 multiple choice & 2 essay questions | 20 | CBT |
| Retirement Income Certified Professional (RICP) | 3 courses each followed by an exam | 60-70 hours per American College (accrediting organization) staff | 2 hours; 100 multiple choice (each exam) | 20 | CBT |
| Chartered Enterprise Risk Analyst (CERA) | 5 exams 3 study units | 3-4 years per Society of Actuaries website (accrediting organization) | | | All exams CBT |
| | Exam P Probability | | 3 hours | 15 | Knowledge of the fundamental probability tools for quantitatively assessing risk; application of these tools to problems encountered in actuarial science; thorough command of probability topics and the supporting calculus. |
| | Exam FM Financial Mathematics | | 3 hours | 15 | Understand/apply concepts of financial mathematics in calculating present and accumulated values for various streams of cash flows as a basis for future use in: reserving, valuation, pricing, asset/liability management, investment income, capital budgeting and valuing contingent cash flows; financial instruments, including derivatives, and the concept of no-arbitrage as it relates to financial mathematics. |
| | Exam MFE Models for Financial Economics | | 3 hours | 15 | Application of actuarial models to insurance and other financial risks; knowledge of calculus, probability and interest theory. |

VBOA

CPE Credit for Certifications/Exams/Licensures

| Credential | Process | Recommended study | Test Length | CPE Hours | Comments |
|--|---|--|---|-----------|---|
| | Exam C Construction and Evaluation of Actuarial Models | | 3 1/2 hours | 15 | Modeling and actuarial methods; thorough knowledge of calculus, probability and mathematical statistics. |
| | ERM Exam Enterprise Risk Management Exam | | 4 hours | 15 | Understand, identify, analyze, measure, manage and allocate risk using models and metrics |
| | Fundamentals of Actuarial Practice (FAP) E-Learning Course | | 8 modules of online study & two comprehensive written assessments | 15 | This course teaches candidates about the business environment and exposes them to real-world situations by using the Control Cycle as a practical problem-solving framework that applies to all aspects of actuarial work. |
| | Enterprise Risk Management Module | | 9 modules of online study & one comprehensive exam and comprehensive exercise | | Provides an understanding of developing an ERM framework, identifying/defining operational risks, developing and analyzing economic capital models, and understanding various risk management approaches. |
| | Associateship Professionalism Course | | 1/2 day seminar (9am - 3pm) | | Covers professionalism, ethics and legal liability and makes extensive use of the case study method |
| | VEE Economics (Validation by Education Experience) | | | | The topic of Economics requires Validation by Education Experience. |
| | VEE Corporate Finance (Validation by Education Experience) | | | | The topic of Corporate Finance requires Validation by Education Experience. |
| | | | | | |
| Life & Annuities & Health Insurance Licensure | Pass exam prior to licensure; no certification per se | 25 - 35 hours based upon student comments | 2.5 hours; 150 multiple choice (of which 10 are experimental) | 10 | CBT (Virginia requires separate licenses, the exams may be taken separately, i.e. Life & Annuities (120 minutes) and Health (120 minutes) are separate exams or can be taken as one exam Life & Annuities & Health (150 minutes) <i>See VA Insurance Licensing Candidate Handbook;</i> https://www.asisvcs.com/publications/pdf/125300.pdf |
| Series 7 Exam | Financial Industry Regulatory Authority, Inc. (FINRA): self-regulating body for the financial industry, responsible for setting regulations | 60 - 100 hours per professional study guides (mean 80 hours) | 6 hours; 250 multiple choice (and an additional 10 are experimental) | 25 | CBT |
| Series 66 Exam | | 40 - 80 hours per professional study guides (mean 60 hours) | 2.5 hours; 100 multiple choice (and an additional 10 are experimental) | 10 | CBT |

VBOA

CPE Credit for Certifications/Exams/Licensures

| Credential | Process | Recommended study | Test Length | CPE Hours | Comments |
|---|---|--|--|-----------|----------|
| Series 65 Exam | and standards for financial professionals | 50 - 90 hours per professional study guides (mean 70 hours) | 3 hours; 130 multiple choice | 20 | CBT |
| Series 6 Exam | Financial Industry Regulatory Authority, Inc. (FINRA): self-regulating body for the financial industry, | 35 - 40 hours per professional study guides (mean 37.5 hours) | 2.25 hours; 100 multiple choice (and an additional 5 are experimental) | 10 | CBT |
| Series 63 Exam | responsible for setting regulations and standards for financial professionals | 24 - 30 hours per professional study guides (mean 27 hours) | 1.25 hours; 60 multiple choice (and an additional 5 are experimental) | 7 | CBT |
| CFP Certified Financial Planner | Bachelor degree (any) Personal financial planning coursework (or "challenge status" 6,000 hours experience Ethics Declaration | CPA's qualify for "Challenge Status" exempting them from the majority of pre-test coursework. Recommended study time varies wildly likely due to inclusion of pre-test coursework for most candidates. Minimum study time for any candidate would be in excess of 100 hours. | 6 hours (two 3-hour sessions with 40 minute break); 170 multiple choice (stand-alone and scenario-based questions) | 30 | CBT |
| Certified Anti-Money Laundering Specialist (CAMS) | Exam candidates must have a minimum of 40 qualifying credits based on education, experience or other certifications. (For example, Masters Degree = 30 credits; CPA = 10 credits) | 20 - 35 hours based upon student comments | 3 1/2 hours; 120 multiple choice (most candidates report finishing considerably earlier than the allotted time) | 10 | CBT |
| ACAMS Advanced AML Audit Certification (CAMS-Audit) | CAM certification: Audit, AML experience or Audit certification | 8-10 hours pre-class study 3 day live session | White paper required in lieu of exam. | 10 | CBT |
| | Exam 1: Governmental Environment (GE) | | 2.25 hours; 115 multiple choice | 10 | CBT |

VBOA

CPE Credit for Certifications/Exams/Licensures

| Credential | Process | Recommended study | Test Length | CPE Hours | Comments |
|---|---|--|---|-----------|---|
| Certified Government Financial Manager (CGFM) | Exam 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) | Varies widely depending upon past governmental experience. Generally viewed as "moderately difficult." | 2.25 hours; 115 multiple choice | 10 | CBT |
| | Exam 3: Governmental Financial Management and Control (GFMC) | | 2.25 hours; 115 multiple choice | 10 | CBT |
| CFE Certified Fraud Examiner | 2 years fraud-related experience and Bachelor degree (any) or 50 points. (Points are determined based upon nondegree education, additional fraud-related experience and other professional certifications.) | 60- 80 hours per Association of Certified Fraud Examiners website | ~ 10.4 hours; 500 multiple choice questions (Four 2.6 hour sections, 125 multiple choice questions each section: <i>Fraud Prevention and Deterrence, Financial Transactions and Fraud Schemes, Investigation, Law</i> . Each question is timed @ 75 seconds) All sections must be submitted together for grading. Once started, all four sections must be completed within 30 days. | 25 | CBT (not at testing centers) |
| UNDER CONSIDERATION: | | | | | |
| MLO Mortgage Loan Originator | Single exam; no education requirements other than 20 hrs PE (Pre-Licensure Education) in year of licensure; 8 hrs CE each subsequent year | 10 - 20 hours (in addition to the 20 hrs PE required) per review course companies | National Test with Uniform State Content ~ 3 hours (190 minutes); 125 multiple choice (of which 10 are experimental) | 10 | CBT The Secure and Fair Enforcemnt for Mortgage Liscensing Act of 2008 (S.A.F.E. Mortgage Licensing Act) requires all MLOs seeking state-licensure to pass the NMLS-developed S.A.F.E. Mortgage Loan Originator Test with a score of 75% or better |