

Wednesday, June 14, 2017
VBOA Board Meeting Agenda

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

- 10 a.m. Call to Order – **Jim Holland, CPA, Chair**
Security Briefing – **Patti Hambright, Administrative Assistant**
Determination of Quorum
Approval of June 14, 2017 Agenda
Approval of May 24, 2017 Board meeting minutes
Approval of Consent Order:
- 2017-060-019U (Ferguson and Saunders)
- Approval of Consent Agenda:
- Consent Orders:
 - 2016-0044U (Ferguson and Saunders)
 - 2017-001-001U (Ferguson and Saunders)
 - Reinstatements:
 - 2017-112-006E (Jewell and Allen)
 - 2017-113-007E (Jewell and Allen)
 - 2017-114-008E (Jewell and Allen)
 - 2017-115-009E (Jewell and Allen)
 - 2017-116-010E (Jewell and Allen)
- Public comment period*
- 10:10 a.m. 1. Committee/NASBA Updates
- NASBA CPE Committee – **Jim M. Holland, CPA, Chair**
 - NASBA Standard-Setting Advisory Committee – **Matthew P. Boshier, Vice Chair**
 - NASBA Diversity Committee – **Andrea M. Kilmer, CPA**
 - NASBA Education Committee – **Susan Quaintance Ferguson, CPA**
 - NASBA Communications Committee – **D. Brian Carson, CPA, CGMA**
 - NASBA UAA Committee – **Stephanie S. Saunders, CPA**
 - NASBA Middle Atlantic Regional Director – **Stephanie S. Saunders, CPA**
 - NASBA Executive Director’s Committee – **Wade A. Jewell, Executive Director**
- 10:30 a.m. 2. Executive Director’s Report – **Wade A. Jewell, Executive Director**
- General updates
 - May 2017 Board Report – **Mary Charity, Director of Operations**
 - May 2017 Financial Report – **Fred Washington, Deputy Director**

- 10:45 a.m. 3. Board Discussion Topics – **Wade A. Jewell, Executive Director**
- AICPA’s Proposed Evolution of Peer Review Administration Discussion Paper – Response
 - Virginia-Specific Ethics Course
 - Guidelines for assessing non-CPE penalties – **Rebekah Allen, Enforcement Director**
 - Including Social Media
 - Review/approval of proposed exempt regulation changes – **Rebekah Allen, Enforcement Director**
 - Repeal of § 54.1-4413.2(B)
- 12 p.m. Recess for Board lunch
- 12:45 p.m. 4. Board Discussion Topics, continued if necessary – **Wade A. Jewell, Executive Director**
- 1:30 p.m. 5. Additional Items for Discussion
- Carry over items/potential future topics
 - CPE guidelines for publications
 - Use of confidential consent agreements
 - CPE – VBOA/VSCPA discussions
 - Single renewal date for all Virginia licensees
 - Trust Fund Reserve Policy
 - Background checks
 - North Carolina Dental Case
 - Sign Conflict of Interest forms
 - Sign Travel Expense vouchers
 - Future meeting dates – TBD
- 1:45 p.m. 6. Closed Session
Enforcement – **Rebekah Allen, Enforcement Director**
- OAG updates
 - Final Orders:
 - 2016-CPE-0014 (Jewell and Allen)
- 2:45 p.m. 7. Closed Session – **Wade A. Jewell, Executive Director**
- Personnel
- 3:30 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
May 24, 2017
Draft/Unapproved minutes for the 2017 Annual Planning Meeting**

The Virginia Board of Accountancy met on Wednesday, May 24, 2017, at the Virginia Society of CPAs, 4309 Cox Road, Glen Allen, Virginia 23060.

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

**MEMBER PRESENT
FOR A PORTION OF
THE MEETING:** James M. “Jim” Holland, CPA, Chair
Laurie A. Warwick, CPA

**MEMBER PRESENT
BY TELECONFERENCE
FOR A PORTION OF
THE MEETING:** Andrea M. Kilmer, CPA

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

**LEGAL COUNSEL
PRESENT BY
TELECONFERENCE
FOR A PORTION OF
CLOSED SESSION:** Joshua Laws, Assistant Attorney General,
Office of the Attorney General
Anna Birkenheier, Assistant Attorney General,
Office of the Attorney General

STAFF PRESENT: Wade A. Jewell, Executive Director
Fred Washington, Deputy Director
Mary Charity, Director of Operations
Rebekah Allen, Enforcement Director
Kelli Anderson, Communications Manager
Nicholas R. Tazza, Assistant Manager, Licensing and Examination
Patti Hambright, CPE Coordinator and Administrative Assistant

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**MEMBERS OF THE
PUBLIC PRESENT:**

Kevin Savoy, CPA, CGMA, Audit Director, APA
Shiree Parnell, In-Charge Auditor, APA
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
Linda Newsom-McCurdy, CAE, Education Director, Virginia Society of
Certified Public Accountants
Patrick A. Cushing, Esq., Williams Mullen, Counsel for Virginia Society
of Certified Public Accountants
Brent A. Jackson, Esq., Brent A. Jackson & Associates, P.C.

CALL TO ORDER

Mr. Holland called the meeting to order at 9:10 a.m.

SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Mr. Holland determined there was a quorum present. Mr. Jewell informed that Board that Ms. Kilmer had requested for medical reasons, per Board Policy #10 (Electronic Participation in Virginia Board of Accountancy Meetings), that she be permitted to participate in the meeting via telephone during closed session. It was determined that she met the qualifications per Board Policy #10. No objections were raised.

APPROVAL OF AGENDA

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to approve the May 24, 2017, agenda as amended. The members voting “**AYE**” were Mr. Holland, Mr. Boshier, Mr. Carson, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

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APPROVAL OF CONSENT AGENDA/MINUTES

Upon a motion by Mr. Carson, and duly seconded, the members voted unanimously to approve the Consent Agenda as amended. The members voting “**AYE**” to the Consent Agenda as amended were Mr. Holland, Mr. Boshier, Mr. Carson, Ms. Ferguson, Ms. Saunders and Ms. Warwick. Upon a motion by Mr. Carson, and duly seconded, the members voted unanimously to approve the April 27, 2017 Board meeting minutes as presented. Members voting “**AYE**” to the Minutes were Mr. Carson, Ms. Ferguson, Ms. Saunders and Ms. Warwick. Mr. Holland and Mr. Boshier both abstained.

PUBLIC COMMENT PERIOD

Mr. Holland welcomed and invited members of the public to provide comments. No comments were provided at this time.

APA – FY2016 AUDIT EXIT

Mr. Savoy, CPA, CGMA, Audit Director, Auditor of Public Accounts (APA) led the discussion regarding the results of the annual FY2016 audit. The audit period encompassed July 1, 2015 through June 30, 2016. Mr. Savoy reported the APA has concluded its FY2016 audit and reported no findings. Mr. Savoy reported that the audit went smoothly noting the financial statements were presented fairly in all material respect, no internal control findings required management’s attention, and there were no instances of noncompliance or other matters required to be reported under Government Auditing Standards. Mr. Savoy noted the conscientiousness work of the Board and staff had made the FY2016 audit compliance a much easier task. Mr. Jewell thanked Mr. Savoy and Ms. Parnell for their professionalism and approach to the FY2016 audit.

PRESENTATION OF DISCUSSION TOPICS

Typically during the annual planning meeting the Board Chair turns the discussion topics portion of the meeting over to the Board’s Vice Chair. Mr. Holland followed suit and turned the meeting over to Mr. Boshier.

Guidelines for assessing non-CPE penalties

Ms. Allen led the discussion regarding the presentation of guidelines for assessing non-CPE penalties. She noted the document was a draft and provided aggravating factors, mitigating factors, and rehabilitation criteria to be considered by the Enforcement Committee in providing penalties in proposed decisions. After a thorough discussion the Board agreed the disciplinary guidelines for assessing non-CPE penalties draft document would be posted on the VBOA website for public comment.

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Guidelines for assessing non-CPE penalties - social media discussion

Ms. Saunders led the discussion regarding social media as it relates to enforcement and use of title. She noted LinkedIn as a widely used social platform but frequently not kept up-to-date by individuals thus resulting in unlicensed activity complaints. Ms. Anderson will address this concern in the VBOA's July newsletter. The newsletter emailing will include individuals with expired licenses.

Proposed changes to Board Policy #4 (CPE documentation retention period from 3 to 4 years)

Mr. Jewell led the discussion regarding the proposed changes to Board Policy #4. He noted the NASBA CPE tracking system as a useful tool in managing/saving CPE certificates that would meet the Board's requirements.

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to approve the proposed changes to Board Policy #4 as presented. The members voting "AYE" were Mr. Holland, Mr. Boshier, Mr. Carson, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

Periodic review of regulations and proposed changes that:

- **Qualify for exempt action**
- **Potentially qualify for fast track**
- **Will be handled through normal process**

Ms. Allen led the discussion regarding the periodic review of regulations and proposed changes that qualify for an exempt action, those that would potentially qualify for fast track and changes to be handled through the normal process. Ms. Allen noted proposed regulation (exempt) changes included making changes that were identical to those made to the statutes that are effective July 1, 2017, to include removing the verbiage "using the CPA title" and updating the reference to working to or on behalf an employer. Ms. Allen noted proposed regulations (fast track) included bringing definitions and the fees charged up-to-date, updates to the CPE section, and clarification of the communications with the Board section. After a thorough discussion the Board provided additional suggestions and will review and vote on the exempt revisions at the next Board meeting scheduled for June 14, 2017. Ms. Allen also provided a timeline for regulatory changes, to include a required periodic review.

Publication of Board Disciplinary Actions – California initiative update

Ms. Allen led the discussion regarding the publication of Board disciplinary actions – California initiative update. She noted for the VBOA to maintain substantial equivalency with the California Board the disciplinary history of a CPA must be tied to the CPA public search available on the VBOA and/or

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CPAVerify website(s). Mr. Jewell reached out to NASBA for their assistance and was given a deadline to provide a spreadsheet containing the disciplinary history required by the California Board. Ms. Allen noted the deadline had been met.

NASBA's CPT Professional Ethics Certification Program

Ms. Jewell and Ms. Saunders led the discussion regarding NASBA's CPT professional ethics certification program and provided a handout for Board members. Mr. Jewell and Ms. Saunders provided an overview of how Missouri's board of accountancy is utilizing the certification program in their enforcement/disciplinary process. The Board will continue this discussion.

Overview of CPE audit process

Ms. Charity led the discussion regarding the overview of the CPE audit process, providing a summary of the steps taken during a CPE audit. She noted currently 10% of licensed CPAs were being audited. Ms. Charity noted the benefits of the NASBA CPE tracking system and the benefits of keeping CPE logged as it is obtained. Currently all CPE taken through the VSCPA is automatically uploaded to the system.

CPE for publications/written materials

Ms. Ferguson led the discussion regarding receiving CPE for publications/written materials. The Board discussed thoroughly CPE limitations placed on presentations and other CPE methods. The Board will review the new CPE guideline recommendations by the UAA and follow up on this topic in their September Board meeting.

Volunteer services

The Board discussed updating the volunteer services document, to include the effect of SSARS 21. Mr. Jewell will coordinate with current and former Board members, and solicit assistance from others as necessary.

Enforcement Committee subordinates

Mr. Jewell noted that Barclay Bradshaw, former Chair and Board member, is on the Enforcement Committee as a subordinate with a memorandum of agreement (MOA) expiration date of June 30, 2017. Mr. Jewell asked for the Board's consideration for renewal of Mr. Bradshaw's MOA, and to consider approving Marc Moyers, former Vice-Chair and Board member, as a subordinate.

Upon a motion by Mr. Boshier, and duly seconded, the members voted unanimously to continue Mr. Bradshaw's contracted services for the Enforcement Committee and to immediately include Mr. Moyers,

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with MOA expirations of June 30, 2018. The members voting “**AYE**” were Mr. Holland, Mr. Boshier, Mr. Carson, Ms. Ferguson, Ms. Saunders and Ms. Warwick.

Open/other topics

The Board discussed confidential consent agreements. The Enforcement Committee will provide recommendations at a future meeting.

The Board briefly discussed the state specific ethics course, with plans to add this topic to the June 14, 2017 Board meeting agenda.

Repeal of § 54.1-4413.2(B)

Ms. Andrea Kilmer joined the meeting by teleconference.

Ms. Stephanie Peters, CAE, President and CEO, Virginia Society of Certified Public Accountants introduced Mr. Patrick A. Cushing, Esq., Williams Mullen, Counsel for Virginia Society of Certified Public Accountants. Mr. Cushing provided information and thoughts on the Repeal of § 54.1-4413.2(B). Ms. Peters provided a handout for Board members, staff and the public.

CLOSED SESSION

Begin closed meeting

Upon a motion by Mr. Boshier, 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 consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel, a matter lawfully exempted from open meeting requirements under the ‘consulting with legal counsel’ exemption contained in Virginia Code § 2.2-3711(A)(7). The following non-members will be in attendance to reasonably aid in the consideration of this topic: Robert Drewry, Wade Jewell, Rebekah Allen and Fred Washington.

End closed meeting

Upon a motion by Mr. Boshier, 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;

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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:

James M. "Jim" Holland, CPA – Aye
Matthew P. Boshier, Esq. – Aye
D. Brian Carson, CPA – Aye
Susan Quaintance Ferguson, CPA – Aye
Andrea M. Kilmer, CPA – Aye
Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Seven (7)
Nays: None

Upon a motion by Ms. Saunders, and duly seconded, due to the intent of the legislation by both the Virginia Board of Accountancy and Senator Barker, the patron of SB1019, the Board agrees to continue to recognize that a person or firm holding a Virginia license shall have an additional 12-month period after the expiration of a license to renew the license, and that during the additional 12-month period the person or firm shall be considered to hold a Virginia license. This provision will be in effect for license renewal dates through June 30, 2018 or until such time that emergency legislation is enacted, whichever is sooner.

The Board discussed the motion at length.

Upon a motion by Mr. Boshier, and duly seconded, the Board members voted as follows to table the previous motion as presented.

CALL FOR VOTE:

James M. "Jim" Holland, CPA – Aye
Matthew P. Boshier, Esq. – Aye
D. Brian Carson, CPA – Aye
Susan Quaintance Ferguson, CPA – Aye
Andrea M. Kilmer, CPA – Aye
Stephanie S. Saunders, CPA – Nay

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Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Six (6)

Nays: One (1)

Ms. Andrea Kilmer is no longer participating by teleconference.

Public comment period for an enforcement case being discussed in closed session

Mr. Jackson spoke on behalf of Mr. Ryan Shipley. Mr. Shipley was not present.

RECESS FOR LUNCH 1:20 PM

RECONVENE 1:35 PM

Mr. Joshua Laws and Ms. Andrea Kilmer joined the meeting by teleconference.

ENFORCEMENT

Begin closed meeting

Upon a motion by Mr. Boshier, 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 reasonably aid in the consideration of this topic: Joshua Laws, Robert Drewry and Wade Jewell.

End closed meeting

Upon a motion by Mr. Carson, 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

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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:

James M. "Jim" Holland, CPA – Aye
D. Brian Carson, CPA – Aye
Andrea M. Kilmer, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Four (4)
Nays: None

Mr. Boshier, Ms. Ferguson and Ms. Saunders were not present and did not participate in the closed session discussion.

The following action was taken as a result of the closed session:

Case #2016-0018D (Ferguson and Saunders)

Upon a motion by Mr. Carson, and duly seconded, the members voted unanimously to accept the presiding officer's recommendation as presented.

CALL FOR VOTE:

James M. "Jim" Holland, CPA – Aye
Matthew P. Boshier, Esq. – Abstain
D. Brian Carson, CPA – Aye
Susan Quaintance Ferguson, CPA – Abstain
Andrea M. Kilmer, CPA – Aye
Stephanie S. Saunders, CPA – Abstain
Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Four (4)
Abstain: Three (3)

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Mr. Joshua Laws and Ms. Andrea Kilmer are no longer participating by teleconference.

Begin closed meeting

Upon a motion by Mr. Boshier, 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-member will be in attendance to reasonably aid in the consideration of this topic: Robert Drewry. The following non-members will be in attendance for a portion of the closed meeting to reasonable aid in the consideration of this topic: Wade Jewell and Rebekah Allen.

End closed meeting

Upon a motion by Mr. Boshier, 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:

James M. “Jim” Holland, CPA – Aye
Matthew P. Boshier, Esq. – Aye
D. Brian Carson, CPA – Aye
Susan Quaintance Ferguson, CPA – Aye
Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Six (6)

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Nays: None

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

Case #2016-0036U (Saunders and Ferguson)

Upon a motion by Mr. Boshier, and duly seconded, the members voted unanimously to accept the presiding officer's recommendations as presented.

CALL FOR VOTE:

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

VOTE:

Ayes: Six (6)
Nays: None

Mr. Jewell and Ms. Allen were not present and did not participate in the closed session discussion.

Case #2016-CPE-0014 (Jewell and Allen)

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to table their decision.

CALL FOR VOTE:

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

VOTE:

Ayes: Six (6)

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Nays: None

Ms. Anna Birkenheier joined the meeting by teleconference.

Begin closed meeting

Upon a motion by Mr. Boshier, 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 reasonably aid in the consideration of this topic: Anna Birkenheier and Robert Drewry.

End closed meeting

Upon a motion by Mr. Boshier, 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
D. Brian Carson, CPA – Aye
Susan Quaintance Ferguson, CPA – Aye
Stephanie S. Saunders, CPA – Aye

VOTE:

Ayes: Four (4)
Nays: None

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Ms. Anna Birkenheier is no longer participating by teleconference.

Mr. Holland, Ms. Kilmer, Ms. Warwick, Mr. Jewell and Ms. Allen were not present and did not participate in the closed session discussion.

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

Case# 2016-0018E (Bradshaw and Allen)

Upon a motion by Mr. Boshier, and duly seconded, the members voted unanimously to reject the proposed consent order and the respondent's application for reinstatement because his conduct, which involved acts contrary to the public interest and violations of the public trust, demonstrates he is unfit to be licensed as a CPA in Virginia.

CALL FOR VOTE:

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

VOTE:

Ayes: Four (4)
Nays: None

ADDITIONAL ITEMS FOR DISCUSSION

Carry Over Items/Potential Future Topics

- CPE guidelines for publications
- Virginia-specific ethics course
- Use of confidential consent agreements
- Single renewal date all Virginia licensees
- Trust Fund Reserve Policy
- Background checks
- Statute/Regulation changes
- North Carolina Dental Case

Sign Conflict of Interest forms

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Sign Travel Expense vouchers

Future meeting date

- Wednesday, June 14, 2017
-

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Ms. Saunders and duly seconded, the meeting was adjourned by unanimous vote at 3:05 p.m. The members voting **AYE** were Mr. Boshier, Mr. Carson, Ms. Ferguson and Ms. Saunders.

APPROVED:

James M. "Jim" Holland, CPA, Chair

COPY TESTE:

Wade A. Jewell, Executive Director

Virginia Board of Accountancy
FY17 Board Report
As of May 31, 2017

REPORT CATEGORIES	FY2017 - YTD as of 5/31/17	FY2016 - YTD as of 5/31/16	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	25,172	24,621	24,648	24,791	25,467
Number of Active - CPE Exempt, licensed CPAs	1,379 (a)	1,148	1,158	898	
Number of Active - Renewal Fee Delinquent (<12 months), licensed CPAs	1,106	1,510	1,516	1,142	881
Total Number of Licensed CPAs	27,657	27,279	27,322	26,831	26,348
Number of out-of-state licensees	8,426	8,146	8,152	8,086	8,160
Reinstatements - Individuals	77	73	79	106	107
Number of new CPA licenses issued	1,248	1,215	1,322	1,240	1,345
Net change in number of expired/voluntary surrendered licenses (>12 months)	990	840	910	863	731
Firms:					
Number of Active, licensed CPA firms	1,106	1,091	1,092	1,115	1,147
Number of Active - Renewal Fee Delinquent (<12 months), licensed CPA firms	60	70	65	71	71
Total Number of Licensed CPA Firms	1,166	1,161	1,157	1,186	1,218
Reinstatements - Firms	5	5	5	0	5
Number of new CPA firm licenses issued	60	29	29	40	38
Net change in number of expired/voluntary surrendered firm licenses (>12 months)	51	54	58	72	50
EXAM CANDIDATES					
Number of first time candidates applying to sit for CPA exam	1,644	1,920	2,136	1,904	1,860
ENFORCEMENT					
Number of complaints	79	140	145	84	74
Types of complaints:					
Unlicensed activity	45	40	41	24	16
Other disciplinary matters	34	100	104	60	58
CPE COMPLIANCE REVIEWS					
Number of CPE audits selected	1,781	1,429	1,578	1,088	971
Status of CPE Compliance Reviews:					
# of CPE audits resulting in compliance	1,086	948	1,291	819	800
# of CPE deficiencies	234	154	286	269	171
# of CPE deficiencies resulting in surrender of license	22	18	30	17	7
# of CPE deficiencies resulting in suspension of license	16	12	19	19	10
# of CPE audits open/pending review	461	327	1	0	0
BUDGET/EXPENDITURES					
Total YTD expenditures	\$1,610,409	\$1,488,868	\$1,642,512	\$1,424,978	\$1,366,765
Total fiscal year budget	\$2,414,828 (b)	\$1,886,458	\$1,886,458	\$1,648,449	\$1,648,384
% of expenditures vs. budget	66.7%	78.9%	87.1%	86.4%	82.9%

NOTES:

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

(b) Includes one-time appropriation for new licensing system.

VIRGINIA BOARD OF ACCOUNTANCY
FINANCIAL REPORT
FY17 BUDGET vs. ACTUAL EXPENSES
AS OF MAY 31, 2017

<u>Expenditure Type</u>	<u>Approved FY17 Budget</u>	<u>FY17 YTD Expenditures</u>	<u>% Expended</u>	<u>FY16 Expenditures</u>	<u>FY15 Expenditures</u>	<u>FY14 Expenditures</u>
<u>Salaries & Benefits</u>	1,103,537	1,055,212	95.6%	887,795	901,488	800,832
Total Salaries & Benefits	\$ 1,103,537	\$ 1,055,212	95.6%	\$ 887,795	\$ 901,488	\$ 800,832
<u>Contractual Services</u>						
1209 Charge Card Purchases (not distributed)	0	0	---	0	0	0
1214 Postal Services	10,000	7,223	72.2%	7,881	9,049	9,761
1215 Printing Services	4,500	4,730	105.1%	3,755	3,296	3,455
1216 Telecommunications - VITA	15,000	10,165	67.8%	8,184	7,256	6,761
1217 Telecommunications - Nonstate	0	600	---	0	30	700
1219 Inbound Freight	400	362	90.6%	808	436	392
1221 Organization Memberships (NASBA)	7,180	7,250	101.0%	6,600	6,690	6,640
1222 Publication Subscriptions	5,500	4,275	77.7%	4,037	370	40
1224 Training - Courses, Workshops, Conferences	8,466	6,452	76.2%	4,216	12,638	7,543
1226 Training - Consulting Services	0	0	---	0	0	38
1227 Training-Transportation, Lodging, Meals, Incidentals	20,000	9,207	46.0%	18,416	2,264	12,656
1228 Employee IT Training Courses/Workshops and Conferences	150	91	60.7%	91	91	84
1242 Fiscal Services (Credit Card Merchant Fees)	55,000	45,959	83.6%	38,508	44,753	39,361
1243 Attorney Services (Including OAG)	44,005	24,844	56.5%	27,296	27,744	22,360
1244 Mgmt. Services - NASBA/special accommodations - IT Support	206,336	70,892	34.4%	39,020	10,085	12,934
1246 Public Info/Public Relations	450	4,589	1019.7%	1,756	590	370
1247 Legal Services (Includes court reporting services)	11,000	9,346	85.0%	17,609	9,079	10,932
1248 Media Services (Advertising RFP in newspaper)	0	0	---	0	0	0
1249 Recruitment Advertising	0	0	---	0	905	0
1252 Electrical Repair/Maintenance	1,735	90	5.2%	0	485	4,935
1253 Equipment Repair/Maintenance	0	0	---	0	50	0
1256 Mechanical Repair & Maintenance Services	0	0	---	0	0	8,550
1257 Plant Repair & Maintenance Services	0	0	---	0	89	51,605
1261 Architectural & Engineering Services	0	0	---	0	0	8,336
1264 Food and Dietary Services	2,750	1,648	59.9%	1,823	3,115	2,839
1265 Laundry & Linen Services	0	25	---	0	0	100
1266 Manual Labor Services (Includes shredding services)	1,000	927	92.7%	250	736	2,399
1267 Production Services (VBOA Promotional Items)	0	0	---	1,771	1,500	0
1268 Skilled Services	1,200	0	0.0%	960	7,407	7,451
1272 VITA Pass Thru Charges (SA Maintenance & IT Upgrades)	116,475	107,507	92.3%	75,513	78,203	2,304
1273 Info Mgmt Design and Development Services (New Database)	500,000	0	0.0%	0	599	0
1275 Computer Software Maintenance (MOU with DHP)	10,800	0	0.0%	0	43,227	43,226
1278 VITA Information Technology Infrastructure Services	98,864	82,218	83.2%	102,414	98,143	68,685
1282 Travel - Personal Vehicle	7,000	5,298	75.7%	5,144	4,691	4,614
1283 Travel - Public Carriers	700	145	20.8%	543	1,032	0
1284 Travel - State Vehicles	1,500	513	34.2%	1,069	698	368
1285 Travel - Subsistence and Lodging	2,500	1,125	45.0%	1,708	6,484	491
1288 Travel, Meal Reimburse - Not IRS Rpt	1,200	653	54.4%	917	1,626	488
Total Contractual Services	\$ 1,133,711	\$ 406,133	35.8%	\$ 370,288	\$ 383,359	\$ 340,417
<u>Supplies and Materials</u>						
1311 Apparel Supplies	0	0	---	0	0	0
1312 Office Supplies	5,000	3,586	71.7%	4,208	3,923	7,620
1313 Stationery and Forms	2,300	2,214	96.3%	1,944	2,271	1,890
1323 Gasoline (Enterprise vehicles)	400	120	30.1%	254	60	10
1335 Packaging and Shipping Supplies	800	958	119.8%	575	280	1,109
1342 Medical & Dental Supplies	50	260	520.7%	48	32	0

VIRGINIA BOARD OF ACCOUNTANCY
FINANCIAL REPORT
FY17 BUDGET vs. ACTUAL EXPENSES
AS OF MAY 31, 2017

<u>Expenditure Type</u>	Approved FY17 Budget	FY17 YTD Expenditures	% Expended	FY16 Expenditures	FY15 Expenditures	FY14 Expenditures
<u>Supplies and Materials, continued</u>						
1352 Custodian Repair & Maintenance	50	41	81.4%	38	0	0
1353 Electrical Repair/Maintenance Materials	50	8	15.4%	22	0	2,602
1362 Food & Dietary Supplies	350	307	87.8%	201	395	732
1363 Food Service Supplies	150	63	41.9%	0	7	391
1364 Laundry & Linen Supplies	0	24	---	0	18	9
1373 Computer Operating Supplies	4,200	6,803	162.0%	2,730	3,963	2,018
Total Supplies & Materials	\$ 13,350	\$ 14,385	107.8%	\$ 10,021	\$ 10,951	\$ 16,381
<u>Transfer Payments</u>						
1413 Awards & Recognition	1,000	88	8.8%	92	575	1,419
1415 Unemployment Compensation	0	0	---	0	4,512	0
1418 Incentives	0	0	---	0	0	86
Total Transfer Payments	\$ 1,000	\$ 88	8.8%	\$ 92	\$ 5,087	\$ 1,505
<u>Continuous Charges</u>						
1512 Automobile Liability Insurance	231	0	0.0%	0	231	231
1516 Property Insurance	1,224	0	0.0%	0	1,224	1,224
1534 Equipment Rentals	7,864	7,102	90.3%	3,669	5,277	6,184
1539 Building Rentals - Non-State Owned Facilities	90,325	80,594	89.2%	61,680	77,951	69,593
1541 Agency Service Charges (DOA, PSB, DHRM, LVA & eVA)	35,108	35,974	102.5%	31,749	31,893	37,814
1547 Private Vendor Service Charges	0	0	---	0	0	0
1551 General Liability Insurance	188	0	0.0%	0	188	188
1554 Surety Bonds	40	0	0.0%	0	40	40
1555 Worker's Compensation	1,000	0	0.0%	0	857	738
Total Continuous Charges	\$ 135,980	\$ 123,670	90.9%	\$ 97,098	\$ 117,661	\$ 116,012
<u>Equipment</u>						
2216 Network Components	1,000	1,117	111.7%	290	0	0
2217 Other Computer Equipment	1,000	141	14.1%	744	1,830	9,918
2218 Computer Software Purchases	2,500	2,045	81.8%	3,772	140	2,270
2223 Exhibit Equipment	0	0	---	0	698	0
2224 Reference Equipment	250	0	0.0%	181	0	0
2232 Photographic Equipment	0	845	---	0	0	0
2233 Voice and Data Transmission Equipment	1,000	0	0.0%	1,691	120	0
2261 Office Appurtenances (Blinds, Carpet, etc.)	1,200	0	0.0%	880	331	1,134
2262 Office Furniture	17,000	3,375	19.9%	13,688	2,068	76,574
2263 Office Incidentals	2,000	2,127	106.4%	1,276	792	1,200
2264 Office Machines	1,000	928	92.8%	821	10	71
2268 Office Equipment Improvements	300	0	0.0%	129	445	450
2271 Household Equipment	0	342	---	0	0	0
Total Equipment	\$ 27,250	\$ 10,920	40.1%	\$ 23,471	\$ 6,433	\$ 91,617
TOTAL ALL EXPENSE TYPES	\$ 2,414,828	\$ 1,610,409	66.7%	\$ 1,388,764	\$ 1,424,978	\$ 1,366,765
APPROPRIATION - CHAPTER 780	\$ 2,414,828					

**VIRGINIA BOARD OF ACCOUNTANCY
FINANCIAL REPORT
CASH BALANCE
AS OF MAY 31, 2017**

	<u>Operating Fund (09226)</u>		<u>Special Fund (02020)</u>	
	<u>FY2017 - YTD as of 5/31/17</u>	<u>FY2016 - YTD as of 5/31/16</u>	<u>FY2017 - YTD as of 5/31/17</u>	<u>FY2016 - YTD as of 5/31/16</u>
Beginning Fund Balance July 1:	\$ 507,753	\$ 490,159	\$ 2,807,901	\$ 2,074,809
YTD Revenue Collected *	2,362,925	2,153,217	21,715	11,714
Accounts Payable **	1,110	0	0	0
Interfund Cash Transfers In/(Out), based on September 30th balance	(84,473)	(274,862)	84,473	274,862
Interfund Cash Transfers In/(Out), based on December 31st balance	(257,191)	(209,719)	257,191	209,719
Interfund Cash Transfers In/(Out), based on March 31st balance	(249,266)	(172,588)	249,266	172,588
Interfund Cash Transfers In/(Out), based on May 31st balance	0	0	0	0
Transfers to Central Service Agencies ***	0	0	0	0
YTD Expenditures	(1,610,409)	(1,488,867)	0	0
Cash Balance	\$ 670,449	\$ 497,340	\$ 3,420,546	\$ 2,743,692
<u>Projected Cash Transfers:</u>				
Transfers to Central Service Agencies ***	(\$10,155)	(\$4,810)	\$0	\$0
Cash Balance after projected transfers	\$ 660,294	\$ 492,530	\$ 3,420,546	\$ 2,743,692

* 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 in FY2016. Interest Earnings have not been allocated since FY2010.

** Prior to October 1, 2014 and the implementaton 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 6/30.

**VIRGINIA BOARD OF ACCOUNTANCY
FINANCIAL REPORT
FY2017 - REVENUE BY FEE TYPE (a)
Source: VBOA Licensing System (MLO)**

Fee Type	FY2017 - YTD as of 5/31/17	FY2016 - YTD as of 5/31/16	Fiscal Year Ending 6/30/16	Fiscal Year Ending 6/30/15	Fiscal Year Ending 6/30/14
(a) Pre-Evaluation of Transcripts Application Fee	\$ -	\$ 3,975	\$ 3,975	\$ 13,800	\$ 13,500
(b) Re-Exam Application	\$ 303,530	\$ 334,095	\$ 369,945	\$ 320,765	\$ 330,882
(c) Renewal Fee	\$ 1,884,460	\$ 1,705,955	\$ 1,864,290	\$ 1,849,935	\$ 1,865,370
Reinstatement Fee	\$ 40,425	\$ 31,450	\$ 35,450	\$ 40,750	\$ 43,120
Duplicate Wall Certificate Fee	\$ 1,675	\$ 1,650	\$ 1,750	\$ 1,825	\$ 1,450
License Verification Fee	\$ 18,962	\$ 18,050	\$ 19,963	\$ 21,550	\$ 17,275
CPA Exam Score Transfers	\$ 1,875	\$ 1,950	\$ 2,075	\$ 2,225	\$ 2,600
Failure to Respond to Board Requests	\$ 5,100	\$ 3,700	\$ 4,300	\$ 2,200	\$ 700
Administrative Fee	\$ 5,100	\$ 3,600	\$ 4,100	\$ 10,129	\$ 14,000
Bad Check Fee	\$ 50	\$ 100	\$ 100	\$ 50	\$ 50
Total Revenue	\$ 2,371,377	\$ 2,150,765	\$ 2,367,168	\$ 2,263,229	\$ 2,288,947
(d) Net YTD Revenue per Cardinal	\$ 2,357,742	\$ 2,150,285	\$ 2,378,598	\$ 2,263,479	\$ 2,283,331
(e) Difference	13,635	480	(11,430)	(250)	5,616

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 YTD 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 (In 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, 2017**

	FY2017 - YTD as of 5/31/17	FY2016 - YTD as of 5/31/16	Fiscal Year Ending 6/30/16	Fiscal Year Ending 6/30/15	Fiscal Year Ending 6/30/14
Fines levied/collected/receivable:					
\$ amount of fines levied	\$ 159,900	\$ 250,750	\$ 284,528	\$ 199,075	\$ 538,200
\$ amount of fines collected	\$ 178,413	\$ 240,059	\$ 525,625	\$ 206,367	\$ 368,058
\$ OAG Fees	\$ -	\$ -	\$ 342	\$ 371	\$ 9,278
\$ Discharged	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Current fines receivable (< 365 Days)	\$ 28,092	\$ 28,512	\$ 51,538	\$ 220,724	\$ 229,075
Outstanding Written-off receivables (=> 365 Days) (a)	\$ 581,083	\$ 577,622	\$ 576,150	\$ 374,719	\$ 374,032

NOTES:

(a) All delinquent accounts uncollected after one year are deemed uncollectible and are written off of the VBOA's financial account records for financial reporting purposes. However, due to the Commonwealth's statute of limitations, the legal obligation to pay the debts still remains and collection efforts continue.

Proposed Evolution of Peer Review Administration

Revised January 2017

A discussion paper seeking input from state CPA societies and state boards of accountancy

Background

In February 2016, the American Institute of CPAs (AICPA) released a discussion paper to state CPA society (society) CEOs to solicit input on the evolution of peer review administration of the AICPA Peer Review Program (Program), with a companion paper sent to state boards of accountancy (boards) in July. The evolution of peer review administration is part of the AICPA's [Enhancing Audit Quality](#) (EAQ) initiative, with the objective to ultimately improve audit performance by increasing consistency, efficiency and effectiveness of Program administration.

The February paper proposed a model for a peer review administering entity (AE) of the future, specifying various criteria, including a required number of AEs, specific staffing requirements/qualifications, structural requirements for Peer Review Committees (Committees) and Report Acceptance Bodies (RABs) and the administration of a minimum of 1,000 peer reviews annually. The model demonstrated one potential way in which the consistency, efficiency and effectiveness in the administration of peer review could be increased, resulting in improved audit performance by practitioners.

The discussion paper and its companion paper to the boards generated significant discussion and response, including formal comment letters from 30 societies and 25 boards. The overwhelming majority of respondents agreed inconsistencies exist among AEs and the administration model needs to change. Most respondents agreed a reduction in the number of AEs would improve consistency.

In addition, stakeholders submitted ideas on how best to achieve the stated objective including several alternatives to the model. A group of society staff leadership and AICPA staff carefully considered these alternatives, and agreed that a model using modified staffing requirements/qualifications and specific performance benchmarks could most effectively achieve the objective. In addition, the Planning Task Force of the AICPA's Peer Review Board (PRB) provided additional input while concurring with the approach as a whole. **Based on this feedback, the model has been revised to eliminate the required number of AEs, the requirement to administer a minimum of 1,000 reviews annually and many of the AE staffing requirements.**

Proposed Benchmark Model

The most common suggestion for the evolution of peer review administration was to allow existing, effective AEs that operate in full accordance with Program Standards and guidance, to continue administering the Program, without consideration given to the number of peer reviews administered, and to discontinue administration by poor performing AEs. Many respondents indicated they believed their AE was operating effectively because they were unaware of any evidence to the contrary. **Accordingly, the model proposed in this paper requires AEs to meet specific benchmarks, diligently monitored by the AICPA, and increases transparency of AE performance.**

Under this model, AEs that choose to continue administering peer reviews must meet specific benchmarks, which include qualitative, objective and measurable criteria. AEs will be evaluated based upon whether they consistently meet these benchmarks. AE performance will be made transparent through new reporting requirements to various stakeholders, such as society CEOs and boards, as appropriate. If this approach is undertaken, the specific benchmarks illustrated in this paper are subject to changes and approval by the PRB, and may be modified over time due to advances in technology and other factors.

Inconsistencies in administrative processes and report acceptance have been identified by PRB Oversight Task Force (OTF) members and AICPA staff through RAB observations, AE oversight visits and other processes. These inconsistencies, though communicated only to the AE in the past, resulted in peer reviews being administered untimely and with results not in compliance with the Program. The proposed benchmarks have been developed by identifying how to:

- Minimize the inconsistencies
- Increase the probability that individuals with the appropriate knowledge, experience and skepticism perform and give adequate consideration to technical reviews and the RAB process, and
- Optimize the peer review process so firms can meet their licensing requirements efficiently

Two Important Criteria Retained and Modified

Two key criteria from the original proposed model are included, though slightly modified, in this revised proposal related to staffing and Technical Reviewer requirements.

- 1) Staffing: Ultimately, the society CEO is responsible for determining the necessary staffing and hiring appropriately qualified individuals.

Though the primary focus of the proposed model is the achievement of identified benchmarks, each AE will be required to have at least one CPA employed on staff, who is actively engaged, knowledgeable about the Program Standards and administrative requirements and processes, and has the authority and sufficient knowledge to identify and correct inadequate performance of an administrator or technical reviewer. If the AE administers for more than one state, the CPA staff member must be employed full-time. This individual should

- Be fully committed to the objectives of the Program and its administration and have the moral courage to challenge Committees/RABs, when necessary
 - Conduct monitoring procedures and present results to the society CEO
 - Be responsible for day to day operations of the Program, which allows continuity and a backup plan
- 2) Technical Reviewer Requirements: Based on stakeholder feedback the requirement for a full-time technical reviewer to be employed on staff has been removed. Additionally, the requirement that all working papers be evaluated as a part of the technical review has been removed. However, there will be a change in process in that administrators will make all peer review working papers available to the technical reviewer who will be required to take a risk-based approach in determining which working papers should be evaluated during the technical review. In addition, the requirement for the technical reviewer to be present during RAB meetings has been retained.

Failure to Meet Benchmarks

If performance benchmarks are not met, a society (or organization) will lose its ability to be an AE. The OTF and AICPA staff will monitor AE compliance through reports generated from the new peer review software program launching in 2017, Peer Review Integrated Management Application (PRIMA), observations of Committee and RAB meetings and AE oversight visits. If an AE fails to meet the benchmarks and appropriate, timely remediation is not achieved, the

PRB will rescind the AE's ability to administer the Program. Fair procedures will be developed and followed to determine the appropriate remediation and, if necessary, termination.

Benchmarks

Benchmarks fall into three categories: administrator, technical reviewer and Committee/RAB. AEs will be required to develop policies and procedures to address how the AE will comply with the benchmarks. These policies and procedures will become part of each AE's annual Plan of Administration (POA). The POA is a document outlining operational details as to how the AE will implement the Program under Program Standards and is subject to annual approval by the PRB.

In addition, each AE will be required to develop and disclose in its POA its policies and procedures designed to mitigate the familiarity threat that exists among Committees/RABs, technical reviewers, peer reviewers, and firms subject to review, based on the AE's particular circumstances. Such procedures may include one or more of the following (not all inclusive):

- Redacting identifying information about firm and/or peer reviewers from documents presented to RAB
- Arranging for the acceptance of its committee members' peer reviews by another AE
- Arranging for the acceptance of its high-volume reviewers' reviews by another AE
- Arranging for RAB members or specialists from other states to participate in RABs
- Engaging qualified individuals from another state to perform all technical reviews

In addition to the policies and procedures designed to mitigate the familiarity threat developed by each AE, all committee and RAB members will annually be required to: (1) participate in guided discussion which will emphasize the importance of maintaining objectivity and the appropriate level of skepticism, and (2) sign confirmations indicating their agreement to comply with Program Standards and maintain objectivity and an appropriate level of skepticism.

For each AE, the applicable society CEO(s) will be accountable for the peer review administrative process under his/her organization's responsibility. Accordingly, the CEO will be responsible for:

- Determining the necessary staffing
- Hiring appropriately qualified individuals
- Monitoring compliance with the benchmarks, and
- Signing the POA, agreeing to the responsibilities outlined above

See Exhibit 1 for descriptions of proposed benchmarks.

Benchmark Violations and Fair Procedures

If an AE fails to meet the required benchmarks, fair procedures will be followed to determine the appropriate remediation, or depending on the significance of the benchmarks not achieved, termination. The fair procedures developed will provide the AE an opportunity to remedy the situation(s) that created the violation(s), with disqualification as an AE resulting only from a failure to remediate to acceptable levels of performance. When remediation is required, the individual within the AE responsible for the Program should immediately take required actions, and the society CEO should oversee the remediation.

Violations will fall into one of two categories: egregious and non-egregious, with both types of violations resulting in required remediation and appropriate transparency to stakeholders. A pattern of non-egregious violations will result in additional oversight, with failure to remediate causing the AE to move into “probation.” Egregious violations will cause immediate “probation,” with the AE incurring the cost of external oversight during remediation.

Exhibit 2 provides a flow chart and an illustrated example of fair procedures. The fair procedures will be fully developed and shared with all stakeholders, including the costs to the AE for remediation and probationary activities.

As previously indicated, the specific benchmarks illustrated in this paper are subject to changes and approval by the PRB, including the determination of which benchmark violations are considered egregious. Below are examples of proposed egregious benchmark violations which will cause an AE to move into probation:

- Late submission of the Annual POA (or not including all required information) by due date (note that the PRB is currently considering revising the due date of the Annual POA to a time where submission of complete information is reasonably achievable)
- Not completing the required annual minimum number of oversights by the due date (note that, similar to the consideration noted above for the Annual POA, the PRB is currently considering the date by which all oversights must be completed.)
- Not addressing reviewer performance issues timely
- Technical reviewer and Committee/RAB members not applying appropriate level of objectivity and skepticism (familiarity threat)
- Receiving repeat comments in a RAB observation report from the immediate preceding report
- Releasing confidential peer review information to an external party without written permission from firm
- Sending over 15% of required communications late
- RABs accepting reviews without the presence of members who have appropriate experience/expertise or a quorum
- Not performing administrative oversight
- RAB consistently deferring or delaying over 10% of reviews
- Not engaging/using technical reviewers who possess appropriate experience, training or expertise
- Technical reviewers not present at RAB meetings
- Not structuring and scheduling RAB meetings appropriately
- Not responding timely to requests from the OTF or AICPA staff

State Board Oversight

While this paper does not propose a separate set of board oversight benchmarks, **such oversight will continue to be a critical component of the Program’s administration.** The proposed model will not be effective without external oversight such as that performed by board-appointed Peer Review Oversight Committees (PROCs). We will continue to work closely with the National Association of State Boards of Accountancy (NASBA) and boards to support an effective PROC process. We will also continue our collaboration with NASBA’s Compliance Assurance Committee (CAC) to discuss and develop appropriate oversight procedures.

In addition, we will create a panel of board executive directors as an additional channel of input for administrative matters. Through this model, we will provide an additional avenue of discussion regarding AE administration and other peer review matters.

Stakeholder Feedback Requested by June 30, 2017

Feedback is integral to the evolution of peer review administration. The AICPA is requesting your feedback of this proposed model and the benchmark criteria for AEs of the future. All input will be considered and will shape the final plan. The intent is to communicate a final plan, along with a transition process, by August 31, 2017.

Please consider the following questions when formulating your response.

- Considering the benchmark criteria presented, what changes do you believe will best increase consistency and audit quality in the peer review administration process?
- What suggestions do you have to help mitigate familiarity threats to the process?
- Are there proposals within this paper that are not feasible? If so, what suggestions do you have for otherwise meeting the objective of increasing consistency, efficiency and effectiveness of Program administration?
- Considering the benchmark criteria presented, would any new criteria be unreasonable to implement by May 1, 2018?
- Are there additional benchmark criteria that should be included?
- Are there aspects discussed within the paper that need further clarification?

If you have concerns about aspects of the proposed plan, please share alternative suggestions for meeting the quality initiative.

Comments and responses should be sent to Beth Thoresen, Director – Peer Review Operations, AICPA Peer Review Program, AICPA, 220 Leigh Farm Road, Durham, NC 27707-8110 or prsupport@aicpa.org, and are requested by June 30, 2017.

Thank you in advance for your thoughtful consideration of the issues facing Peer Review administration, and your commitment to enhancing audit quality throughout the profession.

Exhibit 1 – Benchmarks

The following are proposed performance benchmarks for which each AE will be held accountable. All benchmarks in this paper are illustrative and are subject to modification and approval by the PRB. The OTF and AICPA staff will monitor compliance utilizing PRIMA, observations of Committee and RAB meetings and AE oversight visits.

Some benchmarks may require changes to guidance and others may be revised as PRIMA is implemented during 2017. Current benchmarks will be monitored upon approval of the concept. Certain benchmarks are currently implied and thus expected to be currently met, and guidance will be changed such that they will be explicitly required. Benchmarks that are not currently implied or required will be phased in, with all benchmarks effective by May 1, 2018.

Administrator Benchmarks:

Current Requirements

- Enter committee decision for reviews when acceptance has been delayed or deferred and send letters within two weeks of RAB meetings
- Submit complete annual POA by due date, including completion of all requirements
- Select appropriate reviews for oversight based on written criteria in the policies and procedures, which considers risks associated with both the reviewer and the firm
- Ensure the minimum number of oversights and the related criteria are met and performed throughout the year
- Send overdue letters and other communications when appropriate as required by guidance
- Make appropriate decisions on exceptions (e.g. extensions, team members, off-site reviews, etc.) and maintain support for exceptions
- Perform the reviewer resume verification process timely and in accordance with the Oversight Handbook
- Follow the documentation retention criteria policy established within Interpretation 25-1

Implied Requirements

- Comply with confidentiality requirements of the Program and the boards for the states the AE administers; this includes:
 - Establish internal confidentiality procedures
 - Communicate the policies and procedures to all parties involved in the peer review administration process
 - Observe that the policies and procedures are followed
- Complete administration checklist and record working papers received (within four business days of receipt)
- Fully implement recommendations from RAB observations in a timely manner upon receipt of the report
- Fully implement recommendations from RAB observations such that no comments are repeated in subsequent observations
- Provide RAB materials electronically to RAB members one week in advance of RAB meetings
- Respond timely to requests from the OTF or AICPA staff

New Requirements

- Weekly investigate reviews for which review team composition can't be approved
- Record committee decisions timely in PRIMA after RAB meetings for reviews that are accepted which will result in documents being uploaded to FSBA
- Address the familiarity threat for Committee and RAB composition within the POA

Technical Reviewer Benchmarks:

Current Requirements

- Perform the technical review timely and in accordance with the RAB Handbook requirements (including applying appropriate levels of objectivity and skepticism)
- Recommend reviews or engagements for oversight when appropriate

Implied Requirements

- Limit reviews with open items and missing relevant information from being included in the RAB package unless RAB consultation necessary (overall over time, an AE should have less than 10% of its reviews delayed or deferred to another meeting)
- Fully implement recommendations from RAB observations in a timely manner upon receipt of the report
- Fully implement recommendations from RAB observations such that no comments are repeated in subsequent observations
- Be familiar with guidance issued by the PRB and the board licensure laws for the states in which the AEs administer peer reviews
- Propose due date for corrective actions or implementation plans after discussing feasibility with the firm in advance of RAB meeting to be included in the RAB materials
- Respond timely to requests from the OTF or AICPA staff

New Requirements

- Prepare reviewer feedback forms and letters in advance of RAB meeting to be included in the RAB materials
- Obtain must-select training to perform technical reviews of peer reviews that have engagements from must-select industries
- Be present during RAB meetings in which his/her reviews are presented to answer RAB member questions to avoid deferrals or delays
- Be CPAs
- Thoroughly prepare peer reviews for RAB meetings to minimize the number of reviews that are deferred or delayed accepted subject to missing information

Committee/RAB Benchmarks:

Current Requirements

- Conduct RAB meetings with sufficient frequency to meet 120-day rule for timeliness of presentation of reviews (60-day rule for engagement reviews with certain criteria)¹

¹ This model does not propose a minimum number of RAB meetings per year.

- Structure each meeting's RAB member composition to include members with relevant industry experience (regarding must-select engagements)
- Ensure each review has a quorum of RAB members to vote on it in accordance with the RAB Handbook
- Be familiar with guidance issued by the PRB
- Meet qualifications as established in the RAB Handbook
- Read materials prior to the RAB meeting and come prepared to discuss agenda items
- Discuss peer reviews and do not overly rely on the technical reviewer (including applying appropriate levels of objectivity and skepticism)
- Assign corrective actions and implementation plans in the appropriate situations with due dates that are feasible and will benefit the firm
- Issue timely the appropriate level of reviewer feedback that the situation dictates
- Shepherd reviews through the completion process timely, including generally not waiving or extending corrective actions and implementation plans (exception – hardships)
- Perform oversights on firms and reviewers timely in accordance with the Oversight Handbook and each AE's own written policies and procedures
- Annually evaluate qualifications and competencies of technical reviewer(s)
- Perform administrative oversight in accordance with the Oversight Handbook

Implied Requirements

- Establish RAB meeting length so that the entire meeting is productive; the length is appropriate to adequately discuss each peer review given its complexity (suggestion: conference calls should not be scheduled for more than two hours)
- Fully implement recommendations from RAB observations in a timely manner upon receipt of the report
- Fully implement recommendations from RAB observations such that no comments are repeated in subsequent observations
- Respond timely to requests from the OTF or AICPA staff

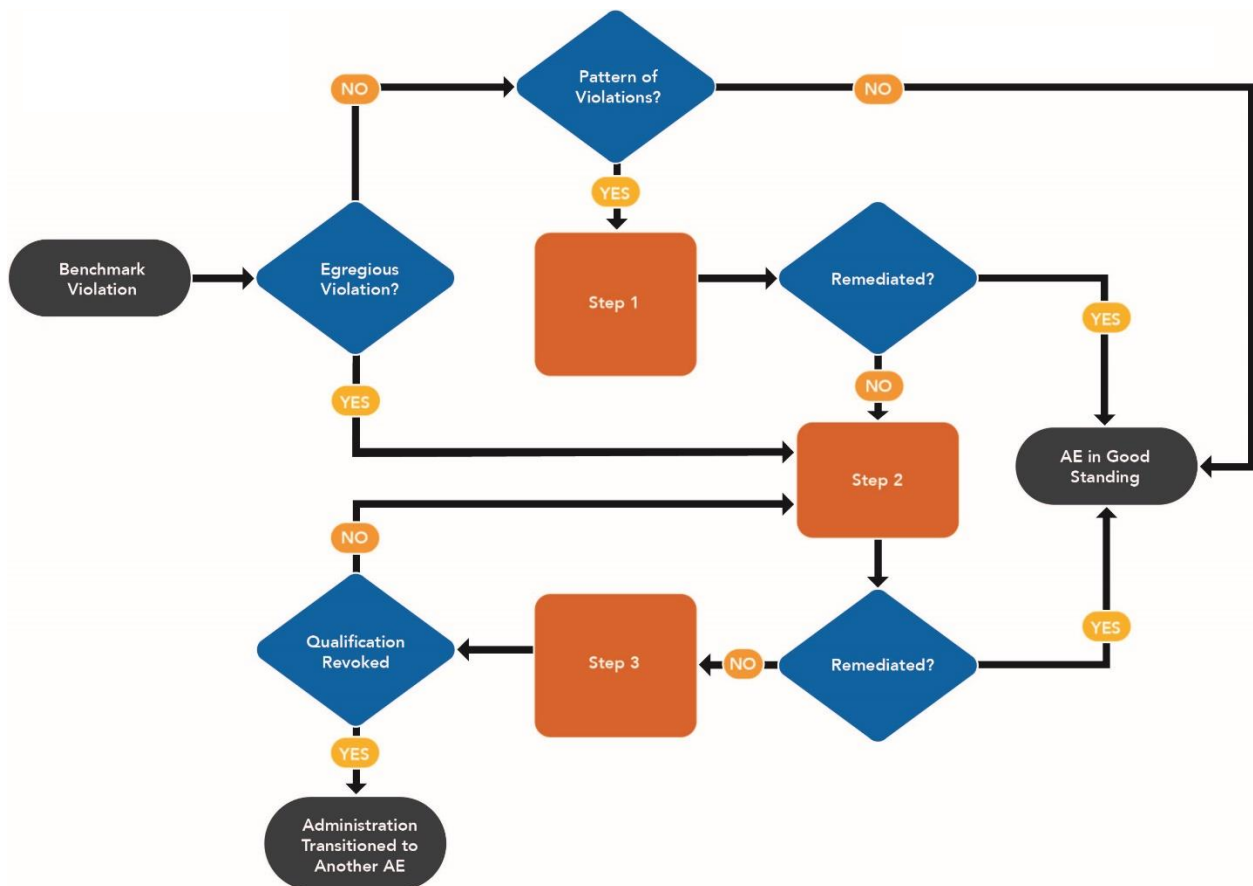
New Requirements

- Schedule RAB meetings no later than two weeks in advance
- Establish a written RAB rotation policy regarding RAB composition within the POA
- Ensure an oversight plan is approved by the Committee and is in place by a required date
- Present pertinent facts on each review (not on the consent agenda) prior to discussion and voting
- All RAB members will formally attest to having read all materials prior to RAB meeting and will maintain objectivity and a professionally skeptical attitude when considering reviews presented for acceptance.

Exhibit 2 – Fair Procedures

If an AE fails to meet the established benchmarks, fair procedures will be followed. The anticipated process will include multiple steps, including required remediation and, if remediation is not successful, termination of the AE's qualification to administer the Program.

Process Flow:



Steps in Fair Procedures:

Step 1: Increased monitoring performed remotely by AICPA staff. Determination to move to Step 1 made by AICPA staff, with periodic reporting of activity to the OTF.

- Accelerated RAB observations to include all reviews presented to RAB. (Second RAB observation to occur no sooner than 30 days after the first.)
 - Procedures include reviewing RAB materials, observing the RAB meeting and preparing the report.
- Monitor status of open reviews monthly during this period.

Step 2: Probation – increased monitoring performed by AICPA staff and/or OTF member at AE’s expense, which may include on-site oversight at an appropriate hourly rate and reimbursement of travel expenses. Determination to move to Step 2 made by OTF.

Step 2 Example: Below are activities that may occur with increased monitoring during the probation period. Multiple activities, including repetitions, may be required, and could cost the AE anywhere from \$10,000 to \$40,000. Note, however, that actual hours, rates and resulting costs may vary greatly.

- RAB meeting observation – procedures include reviewing materials, observing the meeting and preparing a report to the OTF (time estimate – 5 hours)
- Test AE’s compliance with administrative procedures (time estimate – 4 hours)
- Committee meeting observation (time estimate – 4 hours)
- Travel to AE for in-person observation (time estimate – 4 to 10 hours)

Step 3: Referral to hearing panel to determine whether:

- The AE’s qualification to administer the Program will be terminated (with its administration transitioned to another AE), or
- The AE will be allowed to continue to remediate (i.e., return to Step 2).



Peer Review Program

Peer Review Oversight Committee
Virginia Board of Accountancy
9960 Mayland Drive, Henrico, VA 23233

Nadia A. Rogers, CPA, Chair Delores C. King, CPA Nicole Kint, CPA Reza Mahbod, CPA Steven P. Walls, CPA

April 24, 2017

Members of the Board
Virginia Board of Accountancy
9960 Mayland Drive
Henrico, Virginia 23233

Thank you for the opportunity to provide our feedback regarding the questions posed in the American Institute of Certified Public Accountants' (AICPA) discussion paper entitled Proposed Evolution of Peer Review Administration – Revised January 2017. We understand the external pressure that has been placed on the Peer Review Program as well as the ever-changing nature of the accounting profession as a whole and fully support improving the consistency and, ultimately, the quality of the Program.

The revised discussion paper details the aspects of the model proposed in the Evolution of Peer Review Administration discussion paper and related supplemental paper that have now been removed and focuses on the aspects that have been modified or created based, largely, on formal comment letters from 30 societies and 25 boards. Elimination of the following have been detailed within the revised document: required number of administering entities (AE), the requirement to administer a minimum of 1,000 reviews annually and many of the AE staffing requirements. Noteworthy modifications or new requirements detailed in the revised discussion paper are as follows:

1. Benchmarks

The revised discussion paper details Administrator, Technical Reviewer and Committee/RAB Benchmarks that each AE must meet to, ultimately, increase transparency regarding its performance. In the event that the AE does not meet the required benchmarks, the AICPA has outlined procedures to be followed regarding remediation with the ultimate action being termination as an AE (depending on whether or not the AE properly remediates in addition to the significance of the benchmark not achieved).

2. Staffing

The AE Chief Executive Officer (CEO) is ultimately responsible for the staffing and hiring of qualified individuals. Furthermore, every AE is required to employ a CPA and, those that administer peer reviews for more than one state, are required to hire the CPA on a full-time basis. Per the revised discussion paper, this individual should:

- Be fully committed to the objectives of the Program and its administration and have the moral courage to challenge Committee/RABs, when necessary

- Conduct monitoring procedures and present results to the society CEO
- Be responsible for day to day operations of the Program, which allows continuity and a backup plan.

3. Technical Reviewer Requirements

All peer review working papers will be made available to the Technical Reviewer, whom will utilize a risk-based approach to determine the working papers he/she deems necessary for review. Additionally, the Technical Reviewer is required to be present at the RAB meetings.

The AICPA poses questions for consideration within the revised discussion paper. Our responses to those questions are as follows:

1. *Considering the benchmark criteria presented, what changes do you believe will best increase consistency and audit quality in the peer review administration process?*

We agree with the proposed model in terms of establishing benchmarks, having the AICPA perform the monitoring function, requiring results to be reported to various stakeholders and imposing repercussions for not meeting the benchmarks. Having the same benchmarks and entity performing the monitoring function across all AEs will strengthen the consistency and audit quality in the peer review administration process.

2. *What suggestions do you have to help mitigate familiarity threats to the process?*

We agree with the procedures recommended to reduce the familiarity threat, and strongly believe that redacting identifying information about the respective firm and/or peer reviewers from all documents presented to the RAB for each engagement will be most beneficial in achieving this objective.

3. *Are there proposals within this paper that are not feasible? If so, what suggestions do you have for otherwise meeting the objective of increasing consistency, efficiency and effectiveness of Program administration?*

We have concerns related to the requirement that an AE, such as Virginia whom administers peer reviews in more than one State, must employ a full-time CPA. While having a CPA on staff and performing the procedures as outlined in the revised discussion paper would be valuable, this individual would be removed from practice and, over time, would lose the practicality, experience and knowledge-driven benefit that it appears the AICPA is striving to accomplish. Furthermore, we have concerns related to who will then bear the cost of the CPA and will this cost be transferred to individuals or firms via an increase in its membership fees or the overall cost of a peer review, respectively.

4. *Considering the benchmark criteria presented, would any new criteria be unreasonable to implement by May 1, 2018?*

In our letter dated September 30, 2016, we indicated that it was our understanding that, per discussion with Stephanie Peters, President and CEO of the Virginia Society of Certified Public Accountants (VSCPA), the VSCPA has expressed that it may no longer be interested in continuing as Virginia's AE. At this time, the VSCPA has not yet reached a decision. Based on the results of the procedures we have performed, we would like the VSCPA to continue as our AE, but understand its concerns regarding the level of commitment, conflict of interest with its members given that the Program seems to have moved away from being educational and resources needed to be an AE of the future. We will continue to remain in contact with

the VSCPA to understand their ultimate position. In the event that the VSCPA ultimately decides not to continue as our AE, it may be unreasonable for the new entity to implement the criteria as proposed in the revised discussion paper by May 1, 2018. If the VSCPA continues as the AE, we do not believe any new criteria related to the proposed benchmarks would be unreasonable to implement by May 1, 2018.

5. *Are there additional benchmarks criteria that should be included?*

No, we do not believe there are additional benchmark criteria that should be included.

6. *Are there aspects discussed within the paper that need further clarification?*

The benchmarks identified in Exhibit 1 appear to be qualitative in nature and, as such, we would like to better understand how these benchmarks will be monitored to ensure consistency and fairness across all AEs.

Furthermore, in its revised discussion paper, the AICPA acknowledges that the proposed model will not be effective without external oversight such as that performed by the Peer Review Oversight Committee. We look forward to understanding the oversight benchmarks that are created with input from the AICPA, the National Association of State Boards of Accountancy (NASBA), NASBA's Compliance Assurance Committee and the Virginia Board of Accountancy. We take our oversight responsibilities very seriously, and are willing to assist the Board and the profession as a whole in any way possible.

We hope that the above responses are helpful in formulating your response to the AICPA. If you have any questions, please do not hesitate to let us know. We are happy to serve you in any way that we can!

Sincerely,

Peer Review Oversight Committee

Peer Review Oversight Committee



National Association of State Boards of Accountancy

◆ 150 Fourth Avenue, North ◆ Suite 700 ◆ Nashville, TN 37219-2417 ◆ Tel 615.880-4201 ◆ Fax 615.880.4291 ◆ www.nasba.org ◆

June XX, 2017

AICPA Peer Review Program
American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

Attn: Beth Thoresen – Director, Peer Review Operations

Re: Proposed Evolution of Peer Review Administration, Revised January 2017 – A discussion paper seeking input from state CPA societies and state boards of accountancy

We are pleased to respond to the request for comments from the American Institute of CPAs (the “AICPA” or the “Institute”) on its *Proposed Evolution of Peer Review Administration, Revised January 2017 – A discussion paper seeking input from state CPA societies and state boards of accountancy*. The National Association of State Boards of Accountancy’s (NASBA) mission is to enhance the effectiveness and advance the common interests of the licensing authorities for public accounting firms and certified public accountants in the United States and its territories. Our comments on the proposed evolution changes are made in consideration of our Boards’ charge as state regulators to promote the public interest.

OVERALL COMMENTS

We appreciate the AICPA and Peer Review Board’s efforts toward continuous improvement of the peer review program (PRP) and commitment to enhancing audit quality and we support the goal in the proposed evolution document of enhancing quality in the peer review administration process. We agree that changes to the existing administrative process to improve quality, efficiency, effectiveness and consistency of the PRP will help to improve overall audit quality. In support of these efforts, we submit the following concerns and ask the AICPA to consider the items below as the final plan is developed.

- *Oversight by Boards of Accountancy:* We appreciate the AICPA’s statement of recognition and support of the value of oversight of the review process by Boards of Accountancy (Boards) and the working relationship with NASBA in promoting Peer Review Oversight Committees (PROC). We feel it is imperative that the final plan for Administering Entities (AEs) allow for proper oversight by Boards. The structure proposed in this revised paper more closely aligns with the existing structure of AEs and

as such, would provide Boards the opportunity to continue to operate with the same or similar PROC model now in use. To augment the current model, NASBA is considering the feasibility of creating a shared NASBA PROC for use by Boards with no PROC, or an inactive PROC, as deemed necessary. Costs associated with performing oversight on behalf of a Board must be considered as part of the evolution of the AE program.

We also support the proposal for a panel of Board Executive Directors to be used as an additional channel of input for the AICPA on AE administration and other peer review matters. That panel should either be the NASBA Executive Directors (ED) Committee or its to-be-created subcommittee.

Finally, it is important to note that while the Boards must oversee the peer review program, full and complete transparency of the program by the AICPA is necessary to ensure proper and effective oversight is possible.

- *Benchmarking:* We support the AICPA permitting AEs to remain in the program provided they adhere to standards, or “benchmarks,” for administering the program. We recommend that all final benchmarks be specific and measurable. Ultimately, the benchmarks must focus on both quantitative and qualitative policies that will permit the Boards to rely on the ability of the PRP to remediate submitted audits of poor quality. All general references such as “timely” should either be replaced with a specific timeline or offer references to detailed policies in the program’s standards that state the expected timeline and/or deadlines. If no such guidance exists, timelines and deadlines should be defined and added to the program’s standards as needed.

We understand that adherence to administrative deadlines is an important aspect of assuring the quality of the PRP and we encourage the AICPA to use technology wherever possible to streamline the ability of AEs to meet and track such benchmarks. In doing so, the AEs will be able to direct resources to increase the probability that the qualitative benchmarks are met.

- *CPA Requirement:* While overall we agree with the requirement that every AE employ at least one CPA on staff, we believe that the mandate of a full-time CPA for an AE that administers more than one jurisdiction could be overly burdensome in certain circumstances. We urge the AICPA to create a process that bases the full-time CPA requirement on volume of reviews administered, rather than number of states the AE administers. Foremost, we believe the most important consideration is that an AE utilize appropriately qualified individuals, whether full-time or part-time, that can meet their needs. Given the complexities of today’s audits, the specific industry competency to evaluate the work that was performed is more important than the number of individuals on permanent staff. The cost/benefit of mandating a full-time CPA also needs to be addressed. Having a pool of resources available to utilize on an as-needed basis may be just as effective as hiring a broader-based CPA on a full-time basis.

Lastly, we believe that there should be some language included in the final document that indicates the need for the CPA to be experienced in providing those assurance services that are included in the scope of the peer reviews.

- *Fair Procedures/Communication:* We support the fair procedures process outlined in the revised paper, but have specific requests about communication to Boards. We request that the respective Boards be notified via written communication to the Executive Director either by mail, email or both at each step of the process when: remediation is required due to egregious and/or non-egregious violations; or additional oversight is ordered due to a pattern of non-egregious violations; or egregious violations cause immediate “probation” of an AE; or an AE is referred to a hearing panel.

We also request that Boards be consulted about the hearing panel’s recommendations for an AE before implementing them, to allow impacted Boards the opportunity to consult on the recommendations and properly prepare for any transitions of peer reviews. Boards should be included in the determination of which AEs may assume the administration of peer reviews for AEs that are disqualified from the program. It is important to note that any changes to the administration of peer reviews and the oversight process by Boards may require legislation, rulemaking and/or policy changes by the impacted Boards, which will require a transition period for such changes to be implemented. We ask that the AICPA be sensitive to this impact and that consideration be made to allow Boards adequate time to prepare and adjust for these types of changes. A formal process for including Boards in the fair procedures process based on the recommendations and requests described herein should be developed and included in the final plan.

Finally, we recognize that some AEs may voluntarily decide to no longer participate in administering the program because of these changes, due to concerns about adhering to the benchmarks or for other business reasons. We request that the AICPA make it a requirement of all AEs that reasonable notice considering the circumstances be given to the AICPA and any Board(s) for which they administer peer reviews prior to removing themselves as an AE. We also request that the AICPA require such AEs to include the respective Board(s) in the decision as to where to transition the peer reviews in these situations. In an event where an AE loses a technical reviewer or other key personnel or experiences other obstacles that make it impossible for the AE to comply with the one year notice, we request that the AICPA provide procedures and resources to substitute for the AE for the remainder of the one year period. This will help the Boards ensure their regulatory needs are met similar to when an AE is removed not by their own accord.

- *AICPA National AE:* It is clear the Institute plans to operate a National AE and as such, we strongly support this AE being subject to Board oversight. NASBA and the CAC should develop a proposed plan for Board oversight of the AICPA National AE.

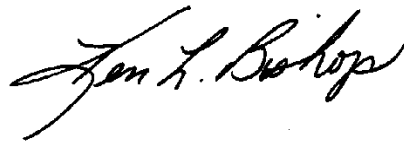
We recognize that improvements to the administration of the PRP process will likely require some level of additional cost which will vary based on the facts and circumstances of each AE. We encourage the AICPA to keep costs in mind in developing the final plan.

We appreciate the working relationship the AICPA, NASBA and Boards of Accountancy enjoy and look forward to continuing our efforts to improve audit quality. Thank you for the opportunity to provide our perspectives on the *Proposed Evolution of Peer Review Administration, Revised January 2017*. Our comments are intended to assist the AICPA in analyzing the relevant issues and support and assist Boards with the impact of the proposed changes. We encourage the AICPA to engage in active and transparent dialogue with commenters as proposed changes are considered.

Very truly yours,



Telford A. Lodden, CPA
NASBA Chair



Ken L. Bishop
NASBA President and CEO

Disciplinary guidelines

Non-CPE penalties

DRAFT

Proposed first edition as of June 12, 2017

I. STATEMENT OF INTENT

To assist in the efficient, effective, and fair resolution of disciplinary cases, these guidelines have been provided to the Virginia Board of Accountancy's ("the Board") Enforcement Committee. Review of similar cases and consequences of previously adjudicated cases should also be utilized by the Enforcement Committee in determining the appropriate disciplinary outcomes.

These guidelines are intended as a supplement to the Board's adjudication manual.

II. AGGRAVATION OF PENALTY

The following are among aggravating circumstances that may be taken into account by the Enforcement Committee in providing penalties in proposed decisions:

- a. Nature and severity of the violation(s)
- b. Number of years over which the violation(s) occurred
- c. Number of violations
- d. Impact on the profession and reputation of the regulated community
- e. Evidence that a violation was knowingly committed and/or was premeditated
- f. Evidence that the Respondent knew or should have known that his or her actions could harm the Complainant, his or her clients, or the public
- g. Evidence that the Respondent took advantage of the Complainant, his or her clients, or the public for personal gain, especially if the Respondent was able to take advantage due to the ignorance, impairment, age, or lack of sophistication of the injured party
- h. Potential past impact or possible future impact to the public based on violation(s)
- i. Known past impact or harm to Complainants or other parties
- j. Net income derived over time generated from violation(s) as a present value calculation
- k. Lack of credibility of the Respondent's statements, testimony, documentation, or other evidence provided in the course of investigation
- l. Misrepresentations, deceit, or fraud by the Respondent in answering Board inquiries
- m. Lack of cooperation and timeliness by the Respondent in providing information and responding to Board inquiries
- n. Respondent's disciplinary history with the Board or any other jurisdiction, particularly where prior discipline has occurred for the same or similar violation(s)
- o. Respondent's failure to comply with prior disciplinary actions

III. MITIGATION OF PENALTY

The following are among mitigating circumstances that may be taken into account by the Enforcement Committee in providing penalties in proposed decisions:

- a. Self-reporting of violation(s)
- b. Lack of previous disciplinary history in this or any other jurisdiction
- c. Demonstration of remorse by the Respondent
- d. Timeliness of remedial actions by the Respondent to correct any violation upon notice
- e. Acceptance of responsibility for compliance with the accountancy statutes and/or regulations and violation(s) thereof
- f. Demonstration of corrective action to prevent reoccurrence
- g. Passage of considerable time since an act of professional misconduct occurred with no evidence of recurrence or evidence of any other professional misconduct
- h. If violation(s) involved multiple Respondents, the relative degree of culpability of the subject Respondent should be considered
- i. Degree of financial hardship incurred by the Respondent as a result of the imposition of penalties or of the suspension or revocation of licensure

IV. REHABILITATION CRITERIA

When considering the denial of a license, the suspension or revocation of a license or reinstatement of a revoked or suspended license, the Enforcement Committee, in evaluating the rehabilitation of the Respondent and his or her present eligibility for a license, may take into account the following rehabilitation criteria:

- a. Nature and severity of the act(s) or offense(s)
- b. Criminal record and evidence of any act(s) committed subsequent to the act(s) or offense(s) under consideration that could also be considered as grounds for denial, suspension, or revocation
- c. The time that has elapsed since commission of the act(s) or offense(s) referred to above
- d. The extent to which the Respondent has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the Respondent
- e. If applicable, evidence of expungement proceedings or restoration of civil rights
- f. Evidence, if any, of rehabilitation submitted by the Respondent

PROPOSED REGULATIONS (EXEMPT) as of May 18, 2017

Regulations

18VAC5-22

Effective January 1, 2013

18VAC5-22-10. Definitions.	1
18VAC5-22-20. Fees.	1
18VAC5-22-30. Determining whether persons or entities to whom communications are made, or for whom services are provided, are located in Virginia.	2
18VAC5-22-40. Determining whether a person who holds a Virginia license is providing services to the public using the CPA title or to an employer using the CPA title.	2
18VAC5-22-50. Determining whether the principal place of business of a person using the CPA title , or of a firm, is in Virginia.	2
18VAC5-22-60. Determining whether a college or university is an accredited institution.	3
18VAC5-22-70. Education.	3
18VAC5-22-80. Examination.	4
18VAC5-22-90. Continuing professional education.	5
18VAC5-22-100. Experience.	8
18VAC5-22-110. Demonstrating that a person's education, CPA examination, and experience are substantially equivalent to the requirements for obtaining a Virginia license.	8
18VAC5-22-120. Supervision of firm personnel.	9
18VAC5-22-130. Owners of firms who are not licensees.	9
18VAC5-22-140. Persons who release or authorize the release of reports.	9
18VAC5-22-150. Monitoring program and peer review.	9
18VAC5-22-160. Confidential consent agreements.	10
18VAC5-22-170. Communication between the board and licensees.	10

Regulations

18VAC5-22

Effective January 1, 2013

18VAC5-22-50. Determining whether the principal place of business of a person ~~using the CPA title~~, or of a firm, is in Virginia.

Complying with subdivision A 1 of § 54.1-4409.1, subsection B of § 54.1-4411, or subsection B of § 54.1-4412.1 of the Code of Virginia requires the person or firm to use reasonable judgment in determining whether Virginia is the principal place of business in which:

- ~~1. the~~ The person provides services to the public ~~using the CPA title~~; or
- ~~2. the~~ The firm provides attest services or compilation services.

The determination shall be reasonable considering the facts and circumstances and can be based on quantitative or qualitative assessments. The determination shall be reconsidered for changes in facts and circumstances that are not temporary.

18VAC5-22-70. Education.

A. In order for a person to take the CPA examination through Virginia, he must have obtained from one or more accredited institutions ~~or from the National College~~ at least 120 semester hours of education, a baccalaureate or higher degree, and an accounting concentration or equivalent prior to taking any part of the CPA examination.

B. For the purpose of complying with subsection A of this section and with subdivision A 1 a of § 54.1-4409.2 of the Code of Virginia, obtaining an accounting concentration or equivalent requires obtaining at a minimum:

1. 24 semester hours of accounting courses, including courses in auditing, financial accounting, management accounting, and taxation
2. 24 semester hours of business courses, no more than six semester hours of which could be considered accounting courses

Principles or introductory accounting courses cannot be considered in determining whether a person has obtained the 48 minimum number of semester hours required for an accounting concentration or equivalent.

18VAC5-22-90. Continuing professional education.

A. If during the current calendar year a person who holds a Virginia license provided services to the public ~~using the CPA title~~, he shall have obtained at least 120 hours of continuing professional education during the three-calendar-year period ending with the current calendar year. For each of

Regulations

18VAC5-22

Effective January 1, 2013

the calendar years in that period, he shall have obtained at least 20 hours of continuing professional education, including an ethics course of at least two hours.

1. If the person also holds the license of another state and Virginia is not the principal place of business in which he provides services to the public ~~using the CPA title~~, the ethics course taken to comply with this subsection either shall conform with the requirements prescribed by the board or shall be an ethics course acceptable to the board of accountancy of another state in which the person holds a license.
2. Otherwise, the ethics course shall conform with the requirements prescribed by the board.

B. If during the current calendar year a person who holds a Virginia license provided services to ~~or on behalf of~~ an employer ~~using the CPA title~~ and did not provide services to the public ~~using the CPA title~~, he shall have obtained a minimum number of hours of continuing professional education determined as follows:

1. If the current calendar year is 2009 or 2010, the person shall have obtained at least 90 hours of continuing professional education during the three-calendar-year period ending with the current calendar year. For each of the calendar years in that period, he shall have obtained at least 15 hours of continuing professional education, including an ethics course of at least two hours.
2. If the current calendar year is 2011 or later, the person shall have obtained at least 120 hours of continuing professional education during the three-calendar-year period ending with the current calendar year. For each of the calendar years in that period, he shall have obtained at least 20 hours of continuing professional education, including an ethics course of at least two hours.

The ethics course taken to comply with this subsection either shall conform with the requirements prescribed by the board or shall be an ethics course acceptable to the board of accountancy of another state in which the person holds a license.

C. If during the current calendar year a person who holds a Virginia license provided services to the public ~~using the CPA title~~ or to ~~or on behalf of~~ an employer ~~using the CPA title~~ and did not hold a Virginia license or the license of another state during one or both of the two preceding calendar years, he shall determine whether he has complied with the requirements of subsection A or B of this section as follows:

1. If the person became licensed during the current calendar year, he shall be considered to have met the requirements of the subsection for the three-calendar-year period ending with the current calendar year.

Regulations

18VAC5-22

Effective January 1, 2013

2. If the person became licensed during the preceding calendar year, he shall be considered to have met the requirements of the subsection for the three-calendar-year period ending with the current calendar year if during the current calendar year he obtained at least the minimum number of hours of continuing professional education required by the subsection for the current calendar year, including an ethics course of at least two hours.
3. If the person became licensed during the calendar year prior to the preceding calendar year, he shall be considered to have met the requirements of the subsection for the three-calendar-year period ending with the current calendar year if during the current calendar year and the preceding calendar year he obtained at least the minimum number of hours of continuing professional education required by the subsection for each of the years, including for each year an ethics course of at least two hours.

D. If during the current calendar year a person who holds a Virginia license did not provide services to the public ~~using the CPA title~~ or to or on behalf of an employer ~~using the CPA title~~, he is not required to have obtained continuing professional education during the three-calendar-year period ending with the current calendar year. However, in order to begin providing those services:

1. He is required to have obtained at least 120 hours of continuing professional education prior to providing the services, including an ethics course of at least two hours.
2. The ethics course shall conform with the requirements prescribed by the board for the calendar year in which the person begins providing the services.

Continuing professional education obtained during the three calendar years prior to the current calendar year and from the start of the current calendar year to when he begins providing the services shall be considered in determining whether the person has complied with the requirements of this subsection.

E. If a person who has not held the license of any state applies for a Virginia license after the end of the calendar year in which he passes the CPA examination, he shall obtain continuing professional education prior to applying for the license, including an ethics course of at least two hours.

1. The required minimum number of hours of continuing professional education shall be 40, 80, or 120 depending on whether he applies for the Virginia license by the end of the first calendar year after the calendar year in which he passes the CPA examination, by the end of the second calendar year, or later.
2. The ethics course shall conform with the requirements prescribed by the board for the calendar year in which the person applies for the license.

Continuing professional education obtained subsequent to passing the CPA examination but during the three calendar years prior to the calendar year in which the person applies for the license and

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from the start of that calendar year to when he applies for the license shall be considered in determining whether he has complied with this requirement.

F. Continuing professional education 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 following forums are acceptable:

1. Attendance at 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. 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 or on behalf of an employer ~~using the CPA title~~ or to the public ~~using the CPA title~~, that is formally reviewed by an independent party, and that is published in a book, magazine, or similar publication that is used by persons who provide services to the public using the CPA title or to or on behalf of an employer ~~using the CPA title~~.

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

G. In determining whether a person has obtained the required number of hours of continuing professional education:

1. Repeat presentations shall not be considered.
2. No more than 30 hours from preparing for and making presentations shall be considered during each three-calendar-year period.
3. One semester-hour of credit for courses at an accredited institution constitutes 15 hours of continuing professional education, and one quarter-hour of credit constitutes 10 hours of continuing professional education.

H. Depending on the facts and circumstances, the board may waive all or part of the continuing professional education requirement for one or more calendar years or grant additional time for complying with the continuing professional education requirement, provided that the waiver or deferral is in the public interest.

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18VAC5-22-100. Experience.

Prior to applying for a license, a person must have been employed in academia, a firm, government, or industry in any capacity involving the substantial use of accounting, financial, tax, or other skills that are relevant, as determined by the board, to providing services to the public [using the CPA title](#) or to [or on behalf of](#) an employer [using the CPA title](#) for a period that is the full-time equivalent of one year. Whether other skills are relevant shall be determined by the board on a case-by-case basis. Self-employment does not meet the definition of experience in § 54.1-4400 of the Code of Virginia.

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18VAC5-22-10. Definitions.

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

18VAC5-22-20. Fees.

A. The board shall charge the following fees for services it provides:

- Processing an initial application to take one or more sections of the CPA examination \$120
- Processing additional applications to take one or more sections of the CPA examination \$20
- ~~Preliminary evaluation of whether a person has met the requirements to take the CPA examination~~ ~~\$25~~
- Processing an application for issuance of a Virginia license to a person \$75
- Processing an application for issuance of a Virginia license to a firm \$100
- Processing an application for the timely renewal of a person's Virginia license \$60
- Processing an application for the timely renewal of a firm's Virginia license \$75
- ~~Additional fee for processing an application for the renewal of a person's Virginia license that is not timely~~ ~~\$100~~
- ~~Additional fee for processing an application for the renewal of a firm's Virginia license that is not timely~~ ~~\$100~~
- Processing an application for reinstatement of a person's Virginia license \$350
- Processing an application for reinstatement of a firm's Virginia license \$500
- Processing an application for lifting the suspension of the privilege of using the CPA title in Virginia \$350
- Processing an application for lifting the suspension of the privilege of providing attest services, ~~or~~ compilation services, or financial statement preparation services for persons or entities located in Virginia \$500
- Providing or obtaining information about a person's grades on sections of the CPA examination \$25
- Processing requests for verification that a person or firm holds a Virginia license:
 - 1. Online request \$25
 - 2. Manual request \$50
- Providing an additional CPA wall certificate \$25
- ~~Additional fee for not responding within 30 calendar days to any request for information by the board under subsection A of 18VAC5-22-170~~ ~~\$100~~
- Additional fee for not using the online payment option for any service provided by the board \$25

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B. All fees for services the board provides are due when the service is requested and are nonrefundable.

~~18VAC5-22-40. Determining whether a person who holds a Virginia license is providing services to the public using the CPA title or to an employer using the CPA title.~~

~~For the purpose of determining whether a person who holds a Virginia license is providing services to the public using the CPA title or to an employer using the CPA title, as those terms are defined in § 54.1-4400 of the Code of Virginia, because of the written information readily available to the public through the board's Internet postings, holding a Virginia license constitutes using the CPA title. Accordingly, a person who holds a Virginia license:~~

- ~~1. Is providing services to the public using the CPA title if he provides 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 of the Code of Virginia.~~
- ~~2. Is providing services to an employer using the CPA title if he provides to an entity services that require the substantial use of accounting, financial, tax, or other skills that are relevant, as determined by the board.~~

18VAC5-22-70. Education.

A. In order for a person to take the CPA examination through Virginia, he must have obtained from one or more accredited institutions at least 120 semester hours of education, a baccalaureate or higher degree, and an accounting concentration or equivalent prior to taking any part of the CPA examination.

B. For the purpose of complying with subsection A of this section and with subdivision A 1 a of § 54.1-4409.2 of the Code of Virginia, obtaining an accounting concentration or equivalent requires obtaining at a minimum:

1. 24 semester hours of accounting courses, including courses in auditing, financial accounting, management accounting, and taxation; and
2. 24 semester hours of business courses, no more than six semester hours of which could be considered accounting courses.

Principles or introductory accounting courses cannot be considered in determining whether a person has obtained the 48 minimum number of semester hours required for an accounting concentration or equivalent.

18VAC5-22-80. Examination.

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

1. Each section of the CPA examination must be passed by attaining a uniform passing grade established through a psychometrically acceptable standard-setting procedure approved by the board; and
- ~~2. Persons may take sections of the CPA examination in any order.~~
- ~~3. A person who fails a section of the CPA examination may not retake that section until the next quarter of the calendar year.~~
- 4.2. When a person first passes a section of the CPA examination, he has 18 months to pass the remaining sections. If the remaining sections are not passed within the 18-month period, the person loses credit for the first section passed, and a new 18-month period starts with the next section passed.

B. Failure to comply with the policies established by the board for conduct at the CPA examination may result in the loss of eligibility to take the CPA examination or credit for sections of the CPA examination passed. Cheating by a person in connection with the CPA examination shall invalidate any grade earned on any section of the CPA examination and may warrant expulsion from the CPA examination site and disqualification from taking the CPA examination for a specified period of time as determined by the board.

C. The board may postpone scheduled CPA examinations, the release of grades, or the issuance of licenses under the following circumstances:

1. A breach of CPA examination security;
2. Unauthorized acquisition or disclosure of the contents of a CPA examination;
3. Suspected or actual negligence, errors, omissions, or irregularities in conducting a CPA examination; or
4. Any other reasonable circumstances.

D. Prior to being considered for a Virginia license, a person shall pass an ethics examination approved by the board.

18VAC5-22-90. Continuing professional education.

A. If during the current calendar year a person ~~who~~ holds a Virginia license ~~provides services to the public~~, he shall have obtained at least 120 hours of continuing professional education during the three-calendar-year period ending with the current calendar year. For each of the calendar years in that period, he shall have obtained at least 20 hours of continuing professional education, including an ethics course of at least two hours.

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1. If the person also holds the license of another state and Virginia is not ~~the his or his employer's~~ principal place of business ~~in which he provides services to the public~~, the ethics course taken to comply with this subsection either shall conform with the requirements prescribed by the board or shall be an ethics course acceptable to the board of accountancy of another state in which the person holds a license.
2. Otherwise, the ethics course shall conform ~~with to~~ the requirements prescribed by the board.

~~B. If during the current calendar year a person who holds a Virginia license provided services to an employer using the CPA title and did not provide services to the public using the CPA title, he shall have obtained a minimum number of hours of continuing professional education determined as follows:~~

- ~~1. If the current calendar year is 2009 or 2010, the person shall have obtained at least 90 hours of continuing professional education during the three-calendar-year period ending with the current calendar year. For each of the calendar years in that period, he shall have obtained at least 15 hours of continuing professional education, including an ethics course of at least two hours.~~
- ~~2. If the current calendar year is 2011 or later, the person shall have obtained at least 120 hours of continuing professional education during the three-calendar-year period ending with the current calendar year. For each of the calendar years in that period, he shall have obtained at least 20 hours of continuing professional education, including an ethics course of at least two hours.~~

~~The ethics course taken to comply with this subsection either shall conform with the requirements prescribed by the board or shall be an ethics course acceptable to the board of accountancy of another state in which the person holds a license.~~

~~CB. If during the current calendar year a person who holds a Virginia license provided services to the public or to or on behalf of an employer and did not hold a Virginia license or the license of another state during one or both of the two preceding calendar years, he shall determine whether he has complied with the requirements of subsection A or B of this section as follows:~~

1. If the person became licensed during the current calendar year, he shall be considered to have met the requirements of the subsection for the three-calendar-year period ending with the current calendar year.
2. If the person became licensed during the preceding calendar year, he shall be considered to have met the requirements of the subsection for the three-calendar-year period ending with the current calendar year if during the current calendar year he

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obtained at least the minimum number of hours of continuing professional education required by the subsection for the current calendar year, including an ethics course of at least two hours.

3. If the person became licensed during the calendar year prior to the preceding calendar year, he shall be considered to have met the requirements of the subsection for the three-calendar-year period ending with the current calendar year if during the current calendar year and the preceding calendar year he obtained at least the minimum number of hours of continuing professional education required by the subsection for each of the years, including for each year an ethics course of at least two hours.

EC. If a person who has not held the license of any state applies for a Virginia license after the end of the calendar year in which he passes the CPA examination, he shall obtain continuing professional education prior to applying for the license, including an ethics course of at least two hours.

1. The required minimum number of hours of continuing professional education shall be 40, 80, or 120 depending on whether he applies for the Virginia license by the end of the first calendar year after the calendar year in which he passes the CPA examination, by the end of the second calendar year, or later.
2. The ethics course shall conform ~~with to~~ the requirements prescribed by the board for the calendar year in which the person applies for the license.

Continuing professional education obtained subsequent to passing the CPA examination but during the three calendar years prior to the calendar year in which the person applies for the license and from the start of that calendar year to when he applies for the license shall be considered in determining whether he has complied with this requirement.

D. If during the current calendar year a person who holds a Virginia license ~~did not provide services to the public or to or on behalf of an employer has been granted an exemption by the board~~, he is not required to have obtained continuing professional education during the three-calendar-year period ending with the current calendar year. However, in order to begin providing those services: ~~1. He~~ is required to have obtained at least 120 hours of continuing professional education prior to providing the services, including an ethics course of at least two hours. ~~2. The ethics course shall conform with the requirements prescribed by the board~~ for the calendar year in which the person begins providing the services.

Continuing professional education obtained during the three calendar years prior to the current calendar year and from the start of the current calendar year to when he begins providing the services shall be considered in determining whether the person has complied with the requirements of this subsection.

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FE. Continuing professional education 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 following forums are acceptable~~The acceptable forums are:

1. ~~Attendance at~~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. ~~Self~~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 or on behalf of an employer or to the public, that is formally reviewed by an independent party, and that is published in a book, magazine, or similar publication ~~that is used by persons who provide services to the public using the CPA title or to an employer using the CPA title.; and~~
6. Passing exams 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.

GF. In determining whether a person has obtained the required number of hours of continuing professional education:

1. Repeat presentations shall not be considered.
2. No more than 30 hours from preparing for and making presentations shall be considered during each three-calendar-year period.
3. One semester-hour of credit for courses at an accredited institution constitutes 15 hours of continuing professional education, and one quarter-hour of credit constitutes 10 hours of continuing professional education.
4. Credit for examination and certification shall be awarded for the calendar year in which the exam was passed and certification was received. If passage of the exam and certification occur in different calendar years, credit shall be awarded for the calendar year in which the exam was passed. The board shall determine how many hours are credited per certification.
- 4.5. No more than 60 hours from examination and certification shall be considered during each three-calendar-year period.

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HG. Depending on the facts and circumstances, the board may waive all or part of the continuing professional education requirement for one or more calendar years or grant additional time for complying with the continuing professional education requirement, provided that the waiver or deferral is in the public interest.

~~18VAC5-22-110. Demonstrating that a person's education, CPA examination, and experience are substantially equivalent to the requirements for obtaining a Virginia license.~~

~~Subdivision A 2 of § 54.1-4411 of the Code of Virginia does not require the person to notify the board that the person's education, CPA examination, and experience are substantially equivalent to the requirements for obtaining a Virginia license.~~

18VAC5-22-140. Persons who release or authorize the release of reports.

A. To comply with subdivision D 4 of § 54.1-4412.1 of the Code of Virginia, a person who releases or authorizes the release of reports on attest services, ~~or~~ compilation services, or financial statement preparation services provided for persons or entities located in Virginia shall annually obtain a minimum of eight hours of continuing professional education related to attest services, ~~or~~ compilation services, or financial statement preparation services. The hours obtained to meet this requirement shall be considered in determining whether the person has complied with the requirements of 18VAC5-22-90.

B. Firms providing attest services, ~~or~~ 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, ~~or~~ 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.

18VAC5-22-170. Communication between with the board ~~and licensees~~.

A. ~~When requested by the board:~~

- ~~1. Persons or firms applying for the issuance, renewal, or reinstatement of a Virginia license or for lifting the suspension of the privilege of using the CPA title in Virginia or providing attest services or compilation services for persons or entities located in Virginia shall provide the board with support for their conclusion that they have complied with applicable provisions of Chapter 44 (§ 54.1-4400 et seq.) of Title 54.1 of the Code of Virginia and this chapter.~~

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- ~~2.—Firms shall provide the board with proof of enrollment in a monitoring program and copies of reports and other documentation related to acceptance of their peer reviews.~~
- ~~3.—Persons or firms shall provide the board documents related to the board's investigation of their possible violation of provisions of Chapter 44 (§ 54.1-4400 et seq.) of Title 54.1 of the Code of Virginia or this chapter.~~

~~Each person or firm—Every licensee or applicant shall respond within 30 calendar days to any board request for information regarding compliance with any statutes or regulations pertaining to the board or any of the programs that may be in another title of the Code of Virginia for which the board has enforcement responsibility by the board under this subsection. When the requested response is not produced by the person or entity within 30 days, this nonproduction shall be deemed a violation of this rule, unless the person or entity can demonstrate that there is reasonable justification for that delay.~~

B. Each holder of a Virginia license shall notify the board in writing within 30 calendar days of any change in the holder's name or in the postal and electronic addresses where the person or firm may be reached.

C. The board shall transmit courtesy license renewal notices electronically unless a person or firm is unable to communicate electronically. ~~However, § 54.1-4413.2 of the Code of Virginia places t~~he responsibility for renewing a Virginia license is on its holder, and that responsibility is not affected by whether the holder receives a courtesy license renewal notice.