

Tuesday, September 25, 2018

VBOA Board Meeting Agenda

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

- 10 a.m. Call to Order – **Susan Quaintance Ferguson, CPA, Chair**
Security Briefing – **Patti Hambright, Administrative Assistant**
Determination of Quorum
Approval of September 25, 2018, Agenda
Approval of June 21, 2018, Board meeting minutes
Public comment period*
- 10:10 a.m. 1. Committee Updates – **Susan Quaintance Ferguson, CPA, Chair**
- NASBA Committee Updates, as available
 - NASBA Middle Atlantic Regional Director – **Stephanie S. Saunders, CPA**
- 10:30 a.m. 2. Acting Executive Director’s Report – **Mary T. Charity, Acting Executive Director**
- General updates
 - August Board Report – **Mary T. Charity, Acting Executive Director**
 - August Financial Report – **Renai Reinholtz, Deputy Director for Finance and Administration**
- 11 a.m. 3. Board Discussion Topics – **Mary T. Charity, Acting Executive Director**
- Virginia-Specific Ethics Course 2019 outline approval
 - Active – CPE Exempt status
 - Enforcement Committee – Select replacement for Susan
 - CPE Discussion – **Susan Quaintance Ferguson, CPA, Chair**
 - National trends in CPA regulation
 - Use of Confidential Consent Agreements – Continued discussion – **Rebekah Allen, Information and Policy Advisor**
 - Publication of Board Disciplinary Action – Continued discussion
 - Volunteer services and the Active – CPE Exempt status – Revised Board Policy #9 vote
 - Regulatory/legislative update
 - Delegations of Authority – Internal administration policy and procedure vote
 - Adjudication Manual – **Amanda E. M. Blount, Enforcement Director**
- 12 p.m. Recess for Board lunch
- 1 p.m. 4. Additional Items for Discussion
- Carry over items/potential future topics
 - CPE guidelines for publications (To be determined)

- Trust Fund Reserve Policy (To be determined)
- Virginia-Specific Ethics Course (on-going)
- Required Coursework for CPA Examination
- Sign Conflict of Interest forms
- Sign Travel Expense vouchers
- Future meeting dates:
 - November 7, 2018 (George Mason University)

2:10 p.m.

5. Closed Session
Enforcement – **Amanda E. M. Blount, Enforcement Director**
- Status of Open Cases
 - OAG updates
 - Consent Orders:
 - 2017-230-015D (Ferguson and Brown)
 - 2017-087-007D (Ferguson and Brown)
 - 2017-440-017D (Ferguson and Brown)
 - Final Orders:
 - 2017-070-039C (Jewell and Allen)
 - 2018-069-006E (Bradshaw and Moyers)
 - 2017-373-018E (Bradshaw and Moyers)

3 p.m.

6. Closed Session – Personnel – **Susan Quaintance Ferguson, CPA, Chair**

4 p.m.

Adjournment

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

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

**Board Meeting
June 21, 2018
Draft/Unapproved minutes**

The Virginia Board of Accountancy met on Thursday, June 21, 2018, in Board Room #4 of the Perimeter Center, 9960 Mayland Drive, Henrico, VA 23233.

MEMBERS PRESENT: Matthew P. Bosher, Esq., Chair
Susan Quaintance Ferguson, CPA, Vice Chair
William R. Brown, CPA
D. Brian Carson, CPA
Andrea M. Kilmer, CPA
Stephanie S. Saunders, CPA

**MEMBER PRESENT
FOR A PORTION
AND CONTINUING BY
TELECONFERENCE
FOR THE REMAINDER
OF THE MEETING:**

Laurie A. Warwick, CPA

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

STAFF PRESENT: Wade A. Jewell, Executive Director
Mary T. Charity, Deputy Director for Operations
Renai Reinholtz, Deputy Director for Finance and Administration
Amanda Blount, Enforcement Director
Kelli Anderson, Communications Manager
Melinda Haddon, Financial and Procurement Coordinator
Patti Hambright, CPE Coordinator and Administrative Assistant
Rebekah Allen, Information and Policy Advisor

**MEMBERS OF THE
PUBLIC PRESENT:**

W. Barclay Bradshaw, CPA, former Board member and Chair
Martha Mavredes, Virginia Auditor of Public Accounts
Shiree Parnell, Virginia Auditor of Public Accounts
Stephanie Peters, CAE, President and CEO, Virginia Society of Certified
Public Accountants
Emily Walker, CAE, Vice President, Advocacy, Virginia Society of
Certified Public Accountants
Amy Mawyer, Vice President of Learning, Virginia Society of Certified

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Public Accountants
Gary R. Thomson, CPA, Chair-elect Virginia Society of Certified Public
Accountants

CALL TO ORDER

Mr. Boshier called the meeting to order at 10:04 a.m.

SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Mr. Boshier determined there was a quorum present.

APPROVAL OF AGENDA

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to approve the June 21, 2018, agenda as presented. The members voting “**AYE**” were Mr. Boshier, Ms. Ferguson, Mr. Brown, Mr. Carson, Ms. Kilmer, Ms. Saunders and Ms. Warwick.

APPROVAL OF MINUTES

Upon a motion by Mr. Carson, and duly seconded, the members voted unanimously to approve the May 18, 2018, Board meeting minutes. The members voting “**AYE**” were Mr. Boshier, Ms. Ferguson, Mr. Brown, Mr. Carson, Ms. Kilmer, Ms. Saunders and Ms. Warwick. (Mr. Carson’s vote was for his attended portion only.)

APPROVAL OF CONSENT AGENDA

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to approve the Consent Agenda as presented. The members voting “**AYE**” were Mr. Boshier, Ms. Ferguson, Mr. Brown, Mr. Carson, Ms. Kilmer, Ms. Saunders and Ms. Warwick.

PUBLIC COMMENT PERIOD

Mr. Boshier welcomed and invited members of the public to provide comments. Mr. Boshier recognized the farewell of Ms. Kilmer and Mr. Jewell. Ms. Peters introduced Gary R. Thomson, CPA, as the new

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VSCPA Board Chair-elect, Mr. Jewell introduced Amanda Blount as the new VBOA Enforcement Director and noted her first official day would be Monday, June 25, 2018.

APA – FY2017

Ms. Mavredes reported the APA has concluded its FY2017 audit and reported no findings. She reported the APA had issued an unmodified opinion on the VBOA's FY2017 financial statements. Mr. Jewell thanked Ms. Parnell for her professionalism during the audit, and Ms. Reinholtz for her hard work in making the FY2017 audit period a success.

COMMITTEE/NASBA UPDATES

NASBA Standard-Setting Advisory Committee

There were no updates to the NASBA Standard-Setting Advisory Committee.

NASBA UAA Committee

Ms. Saunders led the discussion regarding the NASBA UAA Committee. She noted a scheduled teleconference for July 27, 2018 and an in-person meeting to be held in Nashville on September 12 and 13, 2018.

NASBA Diversity Committee

Ms. Kilmer led the discussion regarding the NASBA Diversity Committee. She reminded Board members to complete the statistic survey provided by the committee.

NASBA Middle Atlantic Regional Director

Ms. Saunders led the discussion regarding her role as NASBA's Middle Atlantic Regional Director. She noted for the first time in six years all seven states had participated in the 2018 Eastern Regional meeting held June 5th through 7th, 2018 in Orlando, Florida. Ms. Saunders, Mr. Brown and Mr. Jewell attended.

NASBA Executive Director's Committee

Mr. Jewell led the discussion regarding the NASBA Executive Director's Committee. He noted next week would be his final meeting and he would be rolling off the committee.

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EXECUTIVE DIRECTOR'S REPORT

General Updates

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

- Mr. Jewell informed the Board that the third iteration with MicroPact was scheduled for next week and that a meeting with MicroPact leadership had been requested.
- Ms. Charity provided an update regarding letters, emails and automated calls made regarding license renewals for May 2018.
- Mr. Jewell informed the Board that the next VBOA e-newsletter would be released in mid to late July 2018.

May Board Report

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

May Financial Report

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

BOARD DISCUSSION TOPICS

Begin closed meeting

Upon a motion by Ms. Ferguson, and duly seconded, the members approved by unanimous vote the meeting be recessed and the Virginia Board of Accountancy convene a closed meeting under the Virginia Freedom of Information Act for the provision of legal counsel, a matter lawfully exempted from open meeting requirements under the 'consulting with legal counsel' exemption contained in Virginia Code § 2.2-3711(8)." The following non-members will be in attendance to reasonably aid in the consideration of this topic: Wade Jewell and Robert Drewry.

End closed meeting

Upon a motion by Ms. Ferguson, and duly seconded, the Virginia Board of Accountancy has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and WHEREAS, § 2.2-3712.A of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law; NOW THEREFORE, BE IT RESOLVED, that the VBOA hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia laws were discussed in the closed meeting to which this certification resolution

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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. Bosher, Esq. – Aye
Susan Quaintance Ferguson, CPA – Aye
William R. Brown, CPA – Aye
D. Brian Carson, CPA – Aye
Andrea M. Kilmer, CPA – Aye
Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Seven (7)
Nays: None

Update on 2018 Legislation and Regulations

Ms. Allen led the discussion regarding the update on the 2018 legislation and regulations changes. She noted the new regulation implementing the June 30 CPA license renewal date had been published in *The Virginia Register* with a 30-day comment period. No comments were received and the effective date was June 13, 2018.

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

Use of Confidential Consent Agreements

Ms. Allen led the discussion regarding the use of Confidential Consent Agreements. She noted the Board had never issued a Confidential Consent Agreement and under the laws of the Freedom of Information Act (FOIA) the agreement would not be confidential. After a thorough discussion, the Board agreed to table this discussion for a later date.

Publication of Board Disciplinary Action

Mr. Jewell led the discussion regarding the publication of Board Disciplinary Actions. After a thorough discussion and receiving comments from the VSCPA the Board agreed to revisit this discussion at a later date.

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Volunteer services and the Active – CPE Exempt status

Mr. Jewell led the discussion regarding volunteer services and the Active – CPE Exempt status. After a thorough discussion, the Board agreed to table this discussion for a later date.

Delegations of authority

Mr. Jewell led the discussion regarding the delegations of authority. After a brief conversation, the Board recruited Ms. Anderson to revise the document from a board policy to an internal document.

Summary of educational requirements for licensure by jurisdiction

Ms. Ferguson and Ms. Allen led the discussion regarding the summary of educational requirements for licensure by jurisdiction. She noted the Board should review required college/university courses necessary to obtain a VA CPA license. She also suggested the Board consider specifying the additional 30 semester hours required for licensure after satisfying the examination educational requirements.

Virginia-Specific Ethics Course update/discussion

Upon a motion by Mr. Boshier, and duly seconded, the members voted unanimously to exercise the 2-year extension of the contract with the Virginia Society of CPAs for the Virginia-Specific Ethics Course. The members voting “**AYE**” were Mr. Boshier, Ms. Ferguson, Mr. Brown, Mr. Carson, Ms. Kilmer, Ms. Saunders and Ms. Warwick.

CPE credit – Request for Mortgage Loan Originator (MLO) Certification credit

Ms. Ferguson led the discussion regarding CPE credit – request for Mortgage Loan Originator (MLO) Certification credit.

Upon a motion by Ms. Ferguson, and duly seconded, the members voted unanimously to accept 10 Continuing Professional Education (CPE) hours for the Mortgage Loan Originator (MLO) Certification. The members voting “**AYE**” were Mr. Boshier, Ms. Ferguson, Mr. Brown, Mr. Carson, Ms. Kilmer, Ms. Saunders and Ms. Warwick.

RECESS FOR LUNCH 12:02 a.m.

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RECONVENE/RECOGNITION/RESOLUTION 12:30 p.m.

Mr. Boshier read a resolution into record recognizing June 21, 2018 as Ms. Kilmer and Mr. Jewell recognition day. The Board members recognized Ms. Kilmer and Mr. Jewell for their leadership and commitment to the Board and to the profession.

ADDITIONAL ITEMS FOR DISCUSSION

Carry Over Items/Potential Future Topics

- Trust Fund Reserve Policy (tbd)
- CPE guidelines for publications (tbd)
- Virginia-Specific Ethics Course (on-going)
- Adjudication Manual (on-going)

Sign Conflict of Interest forms

Sign Travel Expense vouchers

Future meeting date

- August 14, 2018
- September 25, 2018
- November 7, 2018 (George Mason University)

Ms. Warwick has left the meeting and is participating by teleconference.

ENFORCEMENT

Begin closed meeting

Upon a motion by Ms. Ferguson, and duly seconded, the members approved by unanimous vote the meeting be recessed and the VBOA immediately convene a closed meeting under the Virginia Freedom of Information Act for the provision of legal counsel and to consult with legal counsel on issues relating to probable litigation, and/or consider the status of all open Enforcement Cases, and cases listed on our agenda, a matter lawfully exempted from open meeting requirements under the ‘consulting with legal counsel’ and ‘disciplinary proceedings’ exemptions contained in Virginia Code § 2.2-3711(A)(7),(27). The following non-members will be in attendance to reasonable aid in the consideration of this topic: Wade Jewell and Robert Drewry. The following non-members will be in attendance for a portion of the closed meeting to reasonably aid in the consideration of this topic: Amanda Blount and Rebekah Allen.

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End closed meeting

Upon a motion by Ms. Ferguson, and duly seconded, the VBOA approved by unanimous vote that the closed meeting, as authorized by § 2.2-3712.A of the Code of Virginia, be adjourned and that the VBOA immediately reconvene in an open public meeting. WHEREAS, the VBOA has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision of the Virginia Freedom of Information Act; and WHEREAS, § 2.2-3712.A of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law; NOW THEREFORE, BE IT RESOLVED that the VBOA hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the VBOA.

CALL FOR VOTE:

Matthew P. Boshier, Esq. – Aye
Susan Quaintance Ferguson, CPA – Aye
William R. Brown, CPA – Aye
D. Brian Carson, CPA – Aye
Andrea M. Kilmer, CPA – Aye
Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Seven (7)
Nays: None

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

Upon a motion by Mr. Carson, and duly seconded, members voted unanimously to approve the agreement for Case # 2016-0018E as written. The members voting “**AYE**” were Mr. Boshier, Ms. Ferguson, Mr. Brown, Mr. Carson, Ms. Kilmer, Ms. Saunders and Ms. Warwick.

Upon a motion by Mr. Boshier, and duly seconded, members voted unanimously to approve Amanda Blount to assume Mr. Jewell's role in signing consent agreements upon Mr. Jewell's departure.

CALL FOR VOTE:

Matthew P. Boshier, Esq. – Aye

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Susan Quaintance Ferguson, CPA – Aye
William R. Brown, CPA – Aye
D. Brian Carson, CPA – Aye
Andrea M. Kilmer, CPA – Aye
Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Seven (7)

Nays: None

Begin closed meeting

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

Ms. Warwick is no longer participating by teleconference.

End closed meeting

Upon a motion by Ms. Ferguson, and duly seconded, the VBOA approved by unanimous vote that the closed meeting, as authorized by § 2.2-3712.A of the Code of Virginia, be adjourned and that the VBOA immediately reconvene in an open public meeting. WHEREAS, the VBOA has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision of the Virginia Freedom of Information Act; and WHEREAS, § 2.2-3712.A of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law; NOW THEREFORE, BE IT RESOLVED that the VBOA hereby certifies that, to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the VBOA.

CALL FOR VOTE:

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

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William R. Brown, CPA – Aye
D. Brian Carson, CPA – Aye
Andrea M. Kilmer, CPA – Aye
Stephanie S. Saunders, CPA – Aye

VOTE:

Ayes: Six (6)

Nays: None

ADJOURNMENT

There being no further business before the VBOA, upon a motion by Ms. Ferguson, and duly seconded, the meeting adjourned by unanimous vote at 3:16 p.m. The members voting **AYE** were Mr. Boshier, Ms. Ferguson, Mr. Brown, Mr. Carson, Ms. Kilmer and Ms. Saunders.

APPROVED:

Matthew P. Boshier, Esq., Chair

COPY TESTE:

Wade A. Jewell, Executive Director

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

REPORT CATEGORIES	FY2018 - YTD as of 8/31/18	FY2017 - YTD as of 8/31/17	Fiscal Year Ending 6/30/18	Fiscal Year Ending 6/30/17	Fiscal Year Ending 6/30/16	Fiscal Year Ending 6/30/15
LICENSEES						
Individuals:						
Number of Active, licensed CPAs	26,388	25,707	26,318	25,452	24,648	24,791
Number of Active - CPE Exempt, licensed CPAs	1,620	1,369	1,585	1,326	1,158	898
Number of Active - Renewal Fee Delinquent (<12 months), licensed CPAs	0	652	0	933	1,516	1,142
Total Number of Licensed CPAs	28,008	27,728	27,903	27,711	27,322	26,831
Number of out-of-state licensees	8,387	8,296	8,330	8,290	8,152	8,086
Reinstatements - Individuals	25	24	178	92	79	106
Number of new CPA licenses issued	238	173	1,227	1,378	1,322	1,240
Net change in number of expired/voluntary surrendered licenses (>12 months)	158	180	1,213	1,081	910	863
Firms:						
Number of Active, licensed CPA firms	1,173	1,145	1,177	1,123	1,092	1,115
Number of Active - Renewal Fee Delinquent (<12 months), licensed CPA firms	0	28	0	44	65	71
Total Number of Licensed CPA Firms	1,173	1,173	1,177	1,167	1,157	1,186
Reinstatements - Firms	0	2	10	5	5	0
Number of new CPA firm licenses issued	9	15	74	65	29	40
Net change in number of expired/voluntary surrendered firm licenses (>12 months)	13	11	74	60	63	72
EXAM CANDIDATES						
Number of first time candidates applying to sit for CPA exam	271	252	1,675	1,819	2,136	1,904
ENFORCEMENT						
Number of complaints	19	21	85	82	145	84
Types of complaints:						
Unlicensed activity	5	11	20	45	41	24
Other disciplinary matters	14	10	65	37	104	60
CPE AUDITS						
Number of CPE audits selected	440 (a)	602	2,402	2,022	1,578	1,088
Status of CPE Audits:						
# of CPE audits resulting in compliance	131	311	1,773	1,594	1,291	819
# of CPE audit deficiencies	1	22	280	428	286	269
# of CPE audit deficiencies resulting in surrender of license	0	1	26	52	30	17
# of CPE audit deficiencies resulting in suspension of license	0	0	14	34	19	19
# of CPE audits open/pending review	308	269	349	0	1	0
CPE Audit Deficiency Rate	1%	7%	14%	21%	18%	25%
BUDGET/EXPENDITURES						
Total YTD expenditures	\$369,835	\$335,324	\$2,271,239	\$1,727,506	\$1,642,512	\$1,424,978
Total fiscal year budget	\$2,476,080	\$1,917,446	\$2,417,446	\$2,414,828	\$1,886,458	\$1,648,449
% of expenditures vs. budget	14.9%	17.5%	94.0%	71.5%	87.1%	86.4%

NOTES:

(a) CPE audits selected through August 2018.

**Virginia Board of Accountancy
Financial Report
FY19 Budget vs. Actual Expenses
As of August 31, 2018**

<u>Expenditure Type</u>	DRAFT FY19 Operating Budget	FY19 YTD Expenditures	% Expended	FY18 YTD Expenditures	FY17 YTD Expenditures	FY16 YTD Expenditures
<u>Salaries & Benefits</u>	1,294,020	257,086	19.9%	1,174,172	1,103,143	999,185
Total Salaries & Benefits	\$ 1,294,020	\$ 257,086	19.9%	\$ 1,174,172	\$ 1,103,143	\$ 999,185
<u>Contractual Services</u>						
1209 Charge Card Purchases (not distributed)	-	-	---	-	-	-
1211 Express Services	800	30	3.7%	722	-	-
1214 Postal Services	13,000	1,362	10.5%	12,886	7,975	9,144
1215 Printing Services	5,500	211	3.8%	5,487	5,245	4,163
1216 Telecommunications - VITA	13,500	2,199	16.3%	11,613	12,272	10,021
1217 Telecommunications - Nonstate (CallFire)	300	25	8.3%	100	600	-
1219 Inbound Freight	150	4	2.8%	160	418	858
1221 Organization Memberships (primarily NASBA)	7,255	6,860	94.6%	7,255	7,250	7,030
1222 Publication Subscriptions	1,250	76	6.1%	1,266	4,730	5,254
1224 Training - Courses, Workshops, Conferences	6,955	-	0.0%	11,459	8,914	8,566
1225 Employee Tuition Reimbursement	1,618	1,618	100.0%	-	-	-
1227 Training-Transportation, Lodging, Meals, Incidentals	15,000	23	0.2%	23,825	10,933	16,123
1228 Employee IT Training Courses/Workshops and Conferences	100	-	0.0%	-	91	91
1242 Fiscal Services (Credit Card Merchant Fees)	50,000	4,359	8.7%	48,558	53,790	47,883
1243 Attorney Services (Including OAG)	62,020	-	0.0%	51,736	24,844	36,671
1244 Mgmt. Services - NASBA/special accommodations - IT Support	29,800	6,267	21.0%	21,736	75,641	64,564
1246 Public Info/Public Relations (subscriptions)	5,100	-	0.0%	3,538	5,015	1,756
1247 Legal Services (Includes court reporting services)	18,000	1,188	6.6%	19,562	12,977	10,306
1248 Media Services	-	-	---	-	-	235
1249 Recruitment Advertising	-	-	---	-	-	-
1252 Electrical Repair/Maintenance	-	-	---	-	90	-
1253 Equipment Repair/Maintenance	-	-	---	-	-	-
1257 Plant Repair & Maintenance Services	-	-	---	-	-	-
1263 Clerical / Temp Services	-	-	---	2,754	2,475	-
1264 Food and Dietary Services	3,500	345	9.9%	3,236	2,156	2,170
1265 Laundry & Linen Services	-	-	---	-	25	-
1266 Manual Labor Services (Includes shredding services)	720	-	0.0%	394	1,122	380
1267 Production Services	-	-	---	-	-	1,771
1268 Skilled Services	-	-	---	-	-	960
1272 VITA Pass Thru Charges (SA Maintenance, IT Upgrades, and ISO services)	131,677	14,308	10.9%	135,170	122,620	87,475
1273 Info Mgmt Design and Development Services (Project Manager)	166,530	23,000	13.8%	94,600	-	-
1278 VITA Information Technology Infrastructure Services	144,000	23,520	16.3%	119,126	90,483	118,041
1279 Computer Software Development Services (MicroPact and Data Conversion)	531,670	8,500	1.6%	346,155	-	-
1282 Travel - Personal Vehicle	8,000	262	3.3%	8,099	6,980	5,926
1283 Travel - Public Carriers	-	-	---	-	589	543
1284 Travel - State Vehicles	1,000	-	0.0%	652	619	1,347
1285 Travel - Subsistence and Lodging	1,500	-	0.0%	2,182	1,250	1,749
1288 Travel, Meal Reimburse - Not IRS Rpt	1,000	-	0.0%	1,423	730	917
Total Contractual Services	\$ 1,219,945	\$ 94,155	7.7%	\$ 933,694	\$ 459,834	\$ 487,145
<u>Supplies and Materials</u>						
1312 Office Supplies	5,000	908	18.2%	5,023	4,338	6,726
1313 Stationery and Forms	2,500	129	5.2%	2,028	2,214	2,249
1323 Gasoline (Enterprise vehicles)	250	-	0.0%	221	155	308
1335 Packaging and Shipping Supplies	500	295	59.0%	485	958	715
1342 Medical & Dental Supplies	50	-	0.0%	-	260	48

		DRAFT FY19			FY18 YTD	FY17 YTD	FY16 YTD
<u>Expenditure Type</u>		Operating Budget	FY19 YTD Expenditures	% Expended	Expenditures	Expenditures	Expenditures
<u>Supplies and Materials, continued</u>							
1352	Custodian Repair & Maintenance	300	-	0.0%	389	41	48
1362	Food & Dietary Supplies	525	25	4.7%	498	561	260
1363	Food Service Supplies	100	-	0.0%	62	107	15
1364	Laundry & Linen Supplies	-	-	---	-	24	-
1373	Computer Operating Supplies	5,500	1,266	23.0%	3,194	7,004	3,402
Total Supplies & Materials		\$ 14,725	\$ 2,622	17.8%	\$ 11,900	\$ 15,919	\$ 14,635
<u>Transfer Payments</u>							
1413	Awards & Recognition	900	-	0.0%	848	863	717
1415	Unemployment Compensation	-	-	---	-	-	-
1418	Incentives	-	-	---	-	410	-
Total Transfer Payments		\$ 900	\$ -	0.0%	\$ 848	\$ 1,273	\$ 717
<u>Continuous Charges</u>							
1512	Automobile Liability Insurance	231	-	0.0%	231	231	231
1516	Property Insurance	1,224	-	0.0%	1,224	1,224	1,224
1534	Equipment Rentals	8,500	-	0.0%	8,645	8,460	4,865
1539	Building Rentals - Non-State Owned Facilities	93,417	15,466	16.6%	90,982	88,126	76,350
1541	Agency Service Charges (DOA, PSB, DHRM, LVA & eVA)	38,424	-	0.0%	38,169	36,071	32,411
1551	General Liability Insurance	188	-	0.0%	188	188	188
1554	Surety Bonds	40	-	0.0%	40	40	40
1555	Worker's Compensation	978	-	0.0%	978	968	978
Total Continuous Charges		\$ 143,002	\$ 15,466	10.8%	\$ 140,457	\$ 135,308	\$ 116,287
<u>Equipment</u>							
2216	Network Components	1,200	0	0.0%	341	1,117	530
2217	Other Computer Equipment	500	379	75.7%	685	300	744
2218	Computer Software Purchases	-	-	---	540	2,157	3,556
2223	Exhibit Equipment	-	-	---	-	-	-
2224	Reference Equipment	50	-	0.0%	80	26	181
2231	Electronic Equipment	-	-	---	-	164	-
2232	Photographic Equipment	-	-	---	552	845	-
2233	Voice and Data Transmission Equipment	-	-	---	164	-	1,691
2238	Electronic and Photo Equipment Improvements (Board Rooms)	3,000	-	---	6,125	-	-
2261	Office Appurtenances (Blinds, Carpet, etc.)	350	-	0.0%	94	-	880
2262	Office Furniture	15,000	127	0.8%	555	3,375	14,385
2263	Office Incidentals	1,500	-	0.0%	969	2,646	1,627
2264	Office Machines	-	-	---	65	928	821
2268	Office Equipment Improvements	150	-	0.0%	-	129	129
2271	Household Equipment	-	-	---	-	342	-
Total Equipment		\$ 21,750	\$ 506	2.3%	\$ 10,168	\$ 12,030	\$ 24,543
Total Expenses		\$ 2,694,342	\$ 369,835	14.9%	\$ 2,271,239	\$ 1,727,506	\$ 1,642,512
Chapter 2 Appropriation		\$ 2,476,080					
Decision Package Appropriation Requests (To be requested)		\$ 218,262					
Total Projected Appropriation		\$ 2,694,342					

**Virginia Board of Accountancy
Financial Report
Cash Balance
As of August 31, 2018**

	Operating Fund (09226)		Special Fund (02020)	
	FY2018 - YTD as of 8/31/18	FY2017 - YTD as of 8/31/17	FY2018 - YTD as of 8/31/18	FY2017 - YTD as of 8/31/17
Beginning Fund Balance July 1:	\$ 614,003	\$ 511,346	\$ 3,700,807	\$ 3,677,602
YTD Revenue Collected *	302,186	503,767	0	0
Accounts Payable **	30,484	0	0	0
Interfund Cash Transfers In/(Out), based on September 30th balance	0	0	0	0
Interfund Cash Transfers In/(Out), based on December 31st balance	0	0	0	0
Interfund Cash Transfers In/(Out), based on March 31st balance	0	0	0	0
Interfund Cash Transfers In/(Out), based on June 30 balance	0	0	0	0
YTD Expenditures	(369,835)	(335,324)	0	0
Cash Balance before annual transfers	\$ 576,839	\$ 679,790	\$ 3,700,807	\$ 3,677,602
Projected Cash Transfers:				
Transfers to Central Service Agencies ***	(\$11,302)	(\$10,155)	\$0	\$0
Cash Balance after transfers	\$ 565,537	\$ 669,635	\$ 3,700,807	\$ 3,677,602

* Includes Interest Earnings - Per Virginia Acts of Assembly - Chapter 732 - §3-3.03 - Approved April 10, 2016, the State Comptroller shall allocate revenue for interest earnings effective FY2016. Interest Earnings had not been allocated since FY2010.

** Prior to October 1, 2014 and the implementation of the Commonwealth's new financial accounting and reporting system (Cardinal) all payments immediately reduced cash when processed (in CARS). The new Cardinal financial system operates on a modified accrual basis and cash balances are not affected until the voucher's due date. The Cardinal system generates an offsetting entry to a liability account (accounts payable) when the voucher is processed. Once the voucher due date arrives, the payment is made, the liability is relived and cash is now reduced.

*** Non-general fund Transfers required by Virginia Acts of Assembly Part 3-1.01F for expenses incurred by central service agencies due on or before June 30.

**Virginia Board of Accountancy
Financial Report
Revenue by Fee Type
Source: VBOA Licensing System (MLO)**

Fee Type	FY2018 - YTD as of 8/31/18	FY2017 - YTD as of 8/31/17	Fiscal Year Ending 6/30/18	Fiscal Year Ending 6/30/17	Fiscal Year Ending 6/30/16
(a) Pre-Evaluation of Transcripts Application Fee	\$ -	\$ -	\$ -	\$ -	\$ 3,975
(b) Re-Exam Application	\$ 51,545	\$ 46,875	\$ 309,965	\$ 333,960	\$ 369,945
(c) Renewal Fee	\$ 14,180	\$ 14,480	\$ 90,580	\$ 115,480	\$ 61,220
Reinstatement Fee	\$ 230,991	\$ 431,555	\$ 1,859,054	\$ 2,086,540	\$ 1,864,290
Duplicate Wall Certificate Fee	\$ 8,200	\$ 9,100	\$ 64,570	\$ 45,775	\$ 35,450
License Verification Fee	\$ 275	\$ 275	\$ 1,950	\$ 1,775	\$ 1,750
CPA Exam Score Transfers	\$ 3,575	\$ 4,275	\$ 20,025	\$ 20,487	\$ 19,963
Failure to Respond to Board Requests	\$ 450	\$ 250	\$ 2,325	\$ 2,075	\$ 2,075
Administrative Fee	\$ -	\$ -	\$ -	\$ 5,100	\$ 4,300
Bad Check Fee	\$ -	\$ -	\$ 1,000	\$ 5,100	\$ 4,100
Total Revenue	\$ 309,216	\$ 506,810	\$ 2,349,619	\$ 2,616,342	\$ 2,367,168
(d) Net Revenue per Commonwealth Accounting and Reporting System (Cardinal)	\$ 302,186	\$ 503,767	\$ 2,338,729	\$ 2,604,132	\$ 2,378,598
(e) Difference	\$ 7,030	\$ 3,043	\$ 10,890	\$ 12,210	\$ (11,430)

NOTES:

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

**Virginia Board of Accountancy
Financial Report
Accounts Receivable
As of August 31, 2018**

	FY2018 - YTD as of 8/31/18	FY2017 - YTD as of 8/31/17	Fiscal Year Ending 6/30/18	Fiscal Year Ending 6/30/17	Fiscal Year Ending 6/30/16
Fines levied/collected/receivable:					
\$ amount of fines levied	\$ 30,150	\$ 46,750	\$ 326,285	\$ 187,925	\$ 284,528
\$ amount of fines collected	\$ 48,527	\$ 46,058	\$ 258,879	\$ 198,771	\$ 252,626
\$ OAG Fees	\$ -	\$ -	\$ -	\$ -	\$ 342
\$ Discharged	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Current fines receivable (< 365 Days)	\$ 73,666	\$ 20,034	\$ 92,026	\$ 25,442	\$ 51,538
Outstanding Written-off receivables (=> 365 Days) (a)	\$ 592,206	\$ 597,500	\$ 592,222	\$ 591,400	\$ 576,150

NOTE:

(a) All accounts uncollected after one year are deemed uncollectible, are written off of the VBOA's financial account records, and are no longer recognized receivables for financial reporting purposes; however, the legal obligation to pay the debt still remains.

Virginia-Specific Ethics Course 2019 Outline

1. Introduction

2. Services to the public beyond vocation

This section will cover volunteerism, what the CPA can do as a volunteer and review firm registration, who needs to register and why.

3. Update on rules and regulations

This section will cover the new June 30 single license renewal date, the expired status and how continuing professional education (CPE) is impacted. The section will also cover CPE requirements and the Active – CPE Exempt status.

4. Staying on the ethical course

This section will cover fair process, ownership of work papers, ethical decision making, unbiased data reporting, ethics communication and social media.

CONTINUING PROFESSIONAL EDUCATION

MY THOUGHTS ON CHANGING CPE

INTRODUCTION

After many years of observing the evolution of my profession, it is my view that several areas need attention and change.

I have found that many practitioners do not complain publicly about the volume of CPE, but do so privately.

We have put into place many rules, codes, regulations and statues that cause the 'ordinary' practitioner to need a road-map and checklist to keep track of matters relevant to his/her practice of the CPA profession and serve his/her clients in the public interest. These checklists are useful instruments to help guide us, but there is room for improvement.

Change, indeed, is very challenging. However, I think the time has come to consider several changes that may make compliance with respect to CPE more manageable by a CPA.

It must be noted that I support CPE; but, from a different angle.

BACKGROUND

The profession established CPE to improve deficient work products; especially, audits. Based upon recent data observed, I don't think deficient work has been reduced to an acceptable level. We are human and subject to commit errors, however, I don't think that the forty hours of CPE has corrected the deficiency situation.

I hope there is enough support within the profession to make some meaningful changes which I believe are important to the success of the CPA profession and in the public interest.

I wish to suggest the following, which I think would help in achieving what the profession seeks; the elimination, as much as possible, of deficient work products.

SOLUTION

Professional competence is of the utmost. CPA's should undertake only those professional services the CPA and/or firm members can reasonably expect to be completed with professional competence.

This paper is applicable to individual practitioners and small firms with ten or fewer professional staff. The CPA's that comprise the staff would be subject to the following as it relates to attest services, compilations, and financial statement preparation.

Other accounting services such as data entry [bookkeeping], payroll services, etc. could use a self study approach and document the CPE taken.

1- CPA's and their firms should consider a 'boutique' approach. Many medium and larger national firms, as well as the big four have established a 'specialist' departmental approach to help in producing specialists to promote competent work products.

2- CPA's would be required to complete sixteen hours of CPE in their areas of 'expertise' relative to the industries that they service. Small firms and individual practitioners should consider limiting themselves to three industries and become experts in those industries [the boutique approach].

Tax professionals would take sixteen hours of CPE too. Of course, in 2018, with the new tax law, more time would be necessary without quantification.

3- CPE should be completed on an annual basis.

4- If the seminars offered are repetitive each year, then, only 'updates' should be completed and documented. Redundancy is not necessary. Any new seminars with changes to a serviced industry should be taken and documented.

5- If a CPA produces a deficient work product and charges are initiated against such CPA, needless to say, the Virginia Board of Accountancy [VBOA] would be obligated to investigate the charges.

It should be noted that in the VBOA summer 2018 issue of its newsletter [Accrued Interest], there are twenty-four board disciplinary actions of which twenty-two are for deficiencies in CPE.

I am open to any suggestions that a reader may have relative to the contents contained herein.

Respectfully submitted,

William R. Brown, CPA

Board Policy #9

TITLE: Active – CPE Exempt Status Procedure for Approval/Denial/Appeal

EFFECTIVE DATE: ~~March 8, 2018~~ To be decided

AUTHORITY: § 54.1-4409.1(B) of the Code of Virginia and Board Regulation 18VAC5-22-90(C)

POLICY STATEMENT: Active – CPE Exempt status is defined as a Virginia licensee that is currently and actively licensed as a CPA and may use the CPA title. However, the individual is not currently providing services to the public (providing services that are subject to the guidance of the standard-setting authorities listed in the standards of conduct and practice in subdivisions 5 and 6 of § 54.1-4413.3), **including on a volunteer basis**, or to or on behalf of an employer (providing to an entity services that require the substantial use of accounting, financial, tax, or other skills that are relevant, as determined by the Board) and therefore is NOT required to meet the Board’s CPE requirements.

Virginia CPAs must proactively apply for this status by submitting a [Change of License Status Request Form](#) (Active to Active – CPE Exempt) to the VBOA. Virginia CPAs not approved for this status are required to maintain CPE in accordance with Board statutes and regulations and will not be exempt from CPE requirements if audited.

Procedure for approval/denial/appeal of Active – CPE Exempt status:

1. Application form must be submitted to the VBOA.
2. Upon receipt of form and supporting documentation (if applicable), Director of Operations or Executive Director (staff) makes determination (approve or deny status change).
3. If approved by staff, status is changed in system. Licensee is informed of change.
4. If denied by staff, licensee is informed of denial.
5. As part of the staff approval process, staff may have questions regarding a specific type of experience presented on an application that could affect the determination of the Active – CPE Exempt status. In such cases, staff may ask the Board Chair or designee (excluding the Enforcement Committee Chair) for determination.
 - a. If approved by a Board member, status is changed in system. Licensee is informed of change.
 - b. If denied by a Board member, licensee is informed of denial.
6. Following initial denial of the Active – CPE Exempt status (#4 or #5b above), an applicant may appeal the decision (with or without additional documentation presented by the applicant to assist the Board in making a determination).
7. If an appeal is made after the request is denied by staff (#4), the Board Chair or designee will make the final determination of status.
 - a. If approved by Board Chair or designee, status is changed in system. Licensee is informed of change.
 - b. If denied by Board Chair or designee, licensee is informed of denial and that no further appeals are available.

POLICY STATEMENT, con't:

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

APPROVAL AND REVIEW:

This Board policy was reviewed on **June 21**, 2018.

SUPERSESION:

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

**BOARD CHAIR AT
LAST REVIEW:**

Matthew P. Boshier

**BOARD MEMBERS AT
LAST REVIEW:**

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

EXECUTIVE DIRECTOR:

Wade A. Jewell

Discussion Topic: The Future of Confidential Consent Agreements

The Current Law

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

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

VBOA regulation 18 VAC5-22-160, *Confidential Consent Agreements*:

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

Option#1: Remove VBOA Authority to Enter into CCAs

Either the VBOA or the VSCPA could propose legislation that would repeal Va. Code § 54.1-4413.5. The corresponding regulation (18VAC5-22-160) would be removed via an exempt rulemaking action after the legislation became law. There is sufficient time, if the Board were to vote in June or August, for a legislative package to be submitted to the Governor's office.

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

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

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

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

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

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

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

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

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

Method A:

As previously noted during the May meeting, this may become a matter of a great deal of contention, as FOIA is very closely monitored by several special interest groups, and could require the expenditure of too much political capital for ultimately no reward.

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

Method B:

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

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

The statute could be amended as follows:

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

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

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

Method C:

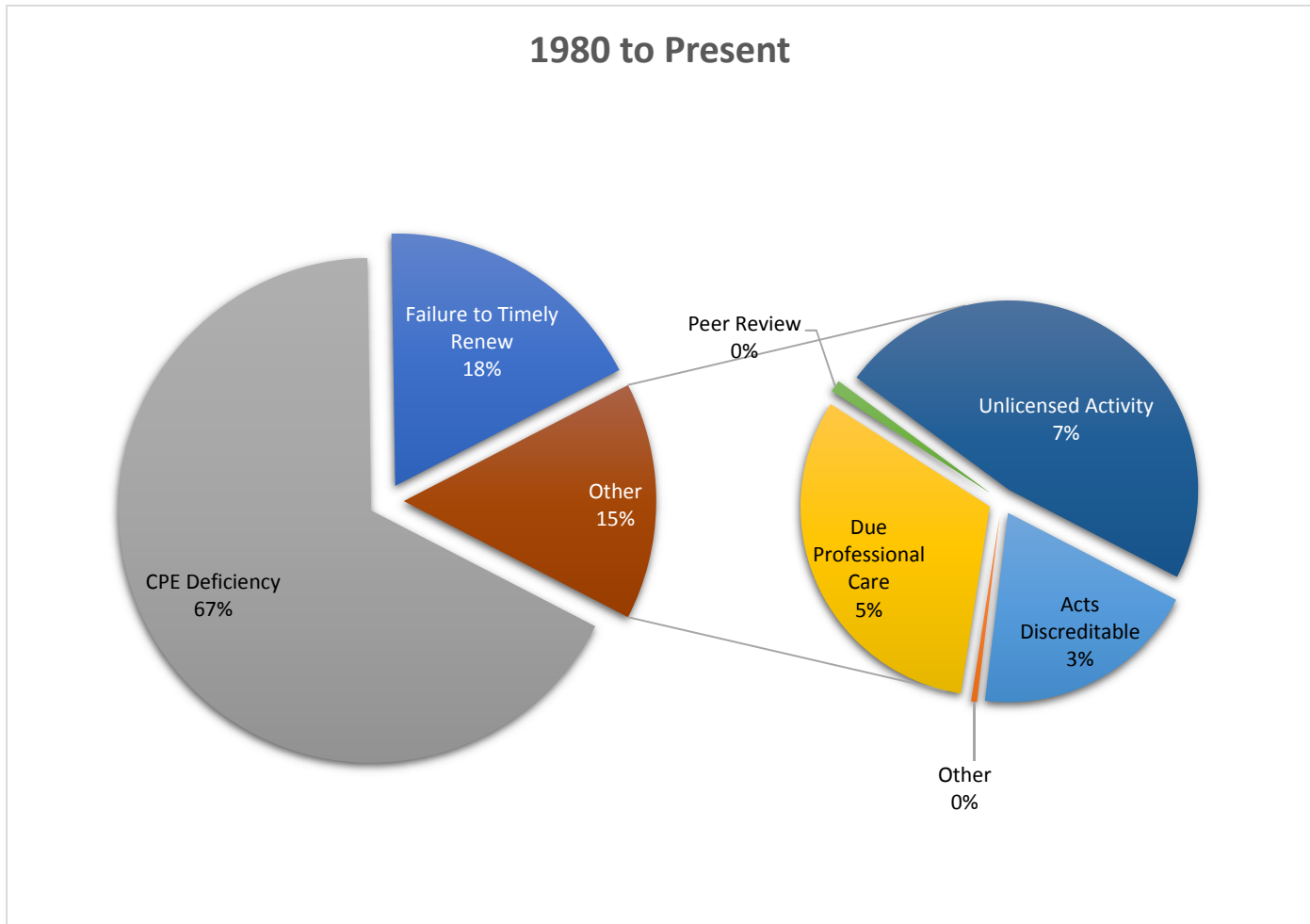
It should be noted that the Department of Health Professions also has the power to enter into CCAs. The statute enabling DHP to enter into CCAs is DHP's enumerated powers list (analogous to Va. Code § 54.1-4403). It cross-references Va. Code § 54.1-2400.2, *Confidentiality of information obtained during an investigation or disciplinary proceeding; penalty*, wherein (1) any investigatory documents "shall be strictly confidential", and (2) restrictions are placed on DHP regarding to whom disclosures can be made and under what circumstances. This is contrasted against Va. Codes § 54.1-4413.5, where the document is named "confidential consent agreement" rather than the document being deemed confidential. Va. Code § 54.1-4413.5 also lacks restrictions on the VBOA's ability to disclose; all restrictions about disclosure of a VBOA CCA are placed on the Respondent. However, both Va. Code §§ 54.1-2400.2 and 4413.5 do not reference FOIA.

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

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

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

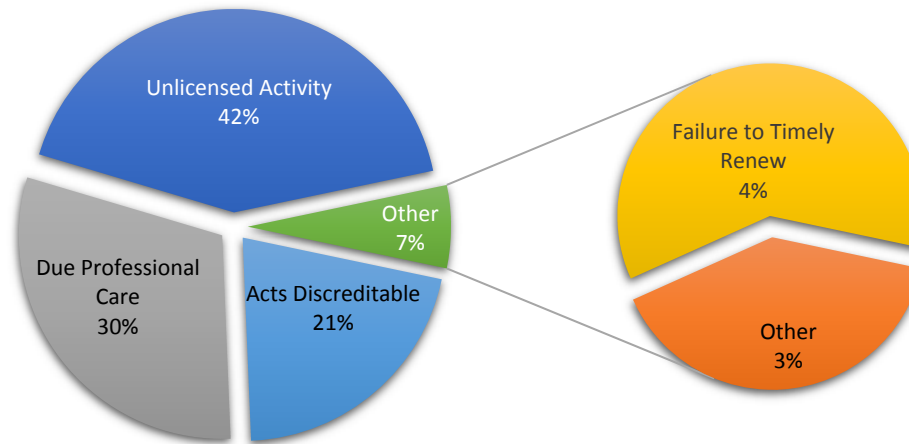
Disciplinary Outcome Statistics (as of September 10, 2018)¹



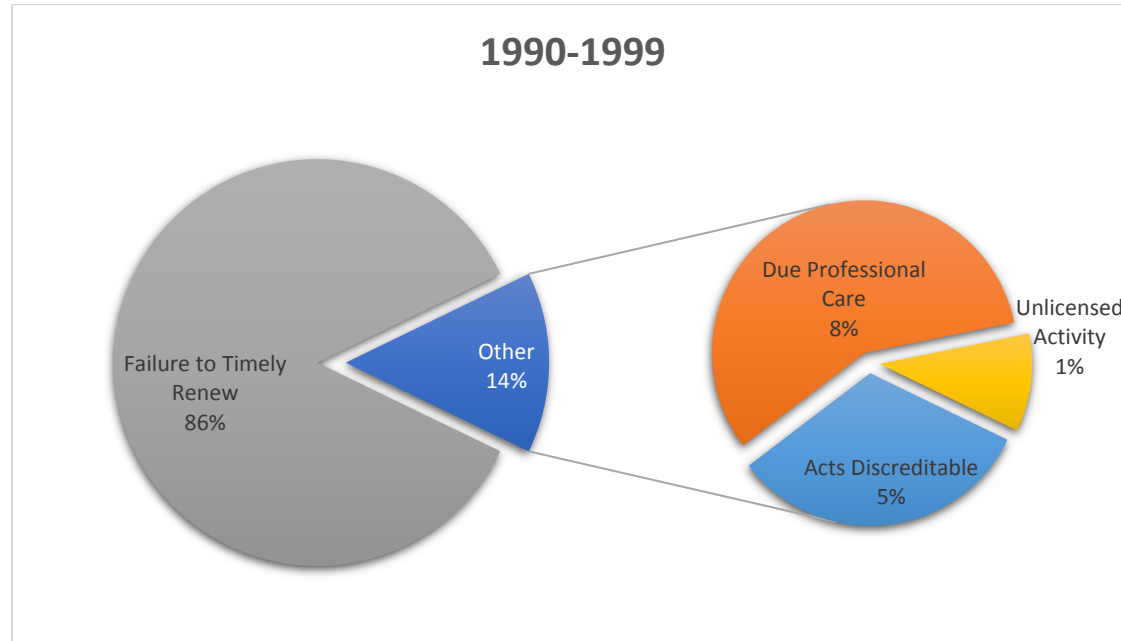
Category	Total
Acts Discreditable	77
Other	2
CPE Deficiency	1759
Due Professional Care	126
Failure to Timely Renew	462
Peer Review	4
Unlicensed Activity	189
Grand Total	2619

¹ This excludes cases addressing eligibility for licensure or to sit for the CPA examination, as well as disciplinary cases that were closed and did not result in imposition of discipline.

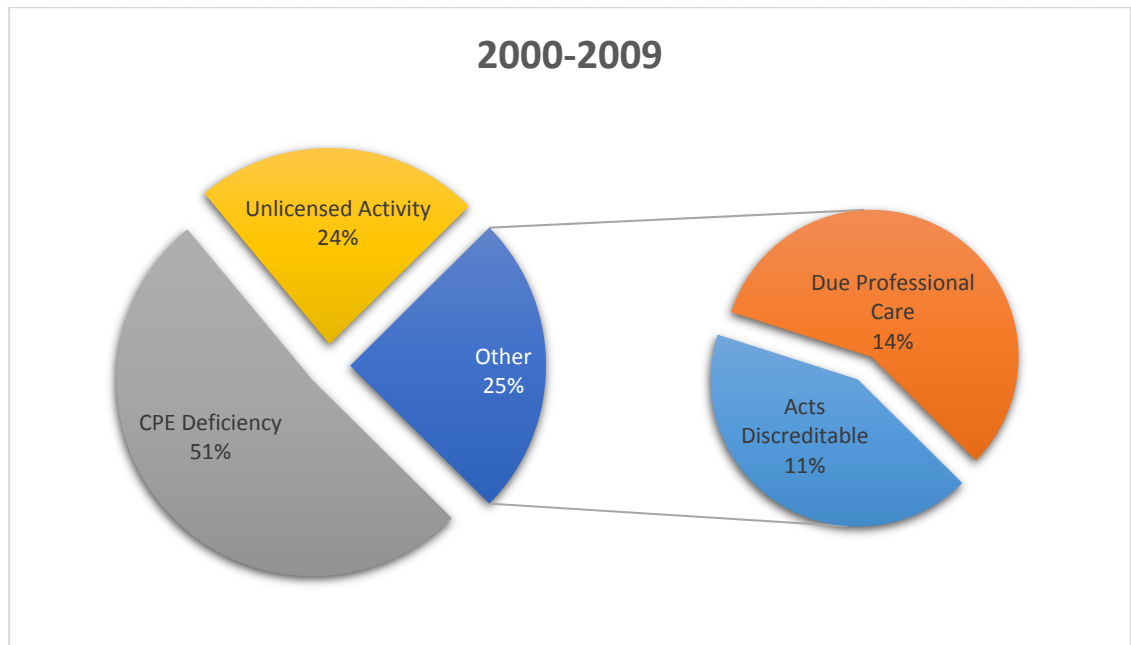
1980-1989



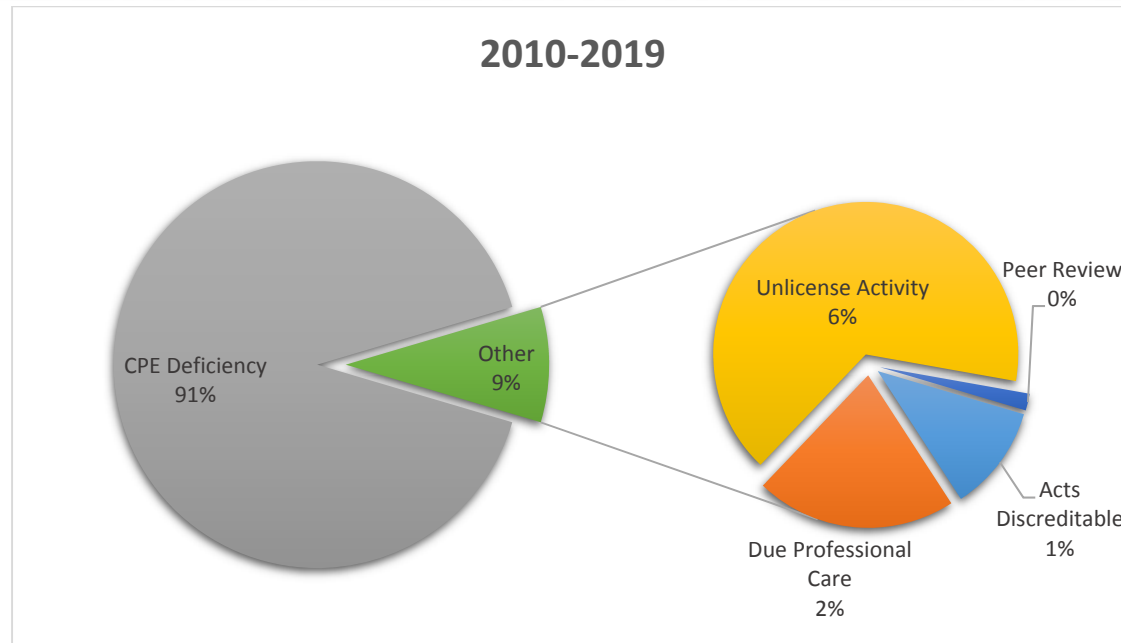
Category	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Decade Total
Acts Discreditable	1		2	1	3		2	3	2	2	16
Other			1			1					2
CPE Deficiency											0
Due Professional Care	1	4	1	4	6	2	1		1	3	23
Failure to Timely Renew				3							3
Peer Review											0
Unlicensed Activity	2	3		1	1	1			14	10	32
Grand Total	4	7	4	9	10	4	3	3	17	15	76



Category	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Decade Total
Acts Discreditable	2	1	3	4	8	3		2	1	1	25
Contact Board											0
CPE Deficiency											0
Due Professional Care	2	6	10	5	6	6	2	4	2	1	44
Failure to Timely Renew	80	163	100	112	4						459
Peer Review											0
Unlicensed Activity	1			3	2	2					8
Grand Total	85	170	113	124	20	11	2	6	3	2	536



Category	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Decade Total
Acts Discreditable			4	2	1	1	3		1	5	17
Contact Board											0
CPE Deficiency		20	6	6	2	1		2	13	33	83
Due Professional Care		1		1	2	3	2	6	6	2	23
Failure to Timely Renew											0
Peer Review								1			1
Unlicensed Activity						3	9	9	5	12	38
Grand Total	0	21	10	9	5	8	14	18	25	52	162



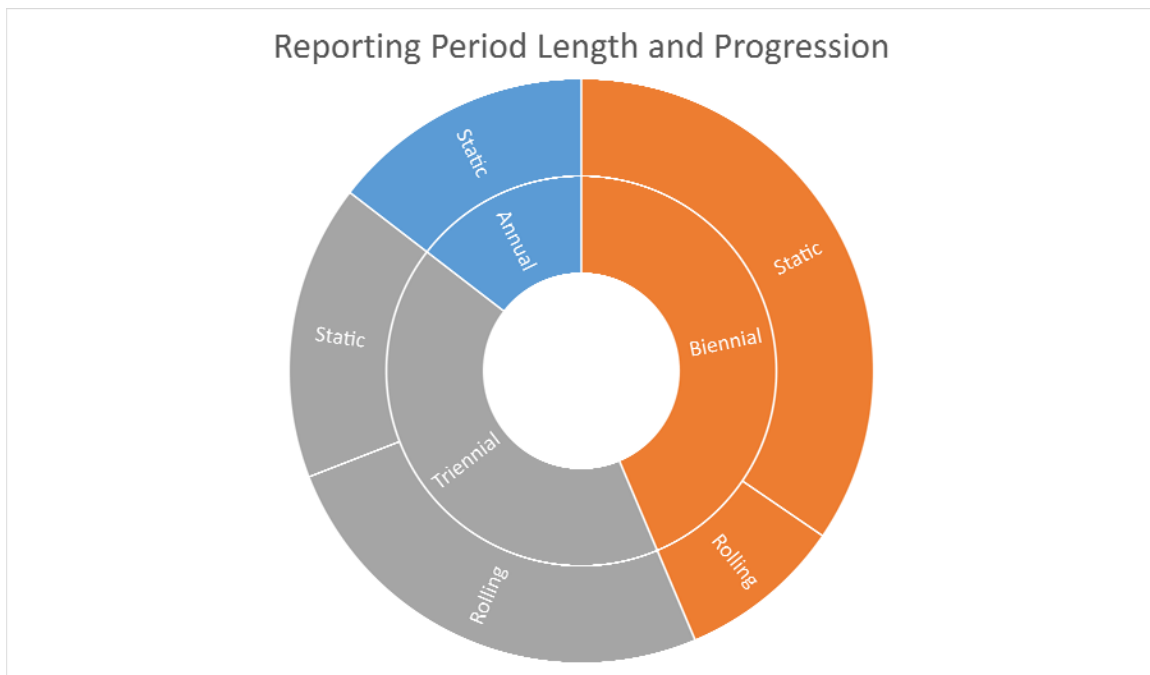
Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Decade Total
Acts Discreditable		3	5	4	2	3		1	1		19
Contact Board											0
CPE Deficiency	64	46	61	110	159	273	295	260	409		1677
Due Professional Care		6	8	7	8		4	3			36
Failure to Timely Renew											0
Peer Review	1	1					1				3
Unlicensed Activity	9	11	9	23	11	12	8	25	3		111
Grand Total	74	67	83	144	180	288	308	289	413	?	1846

Discussion Topic: National Trends in CPE Regulation

Overall CPE Requirements

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

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

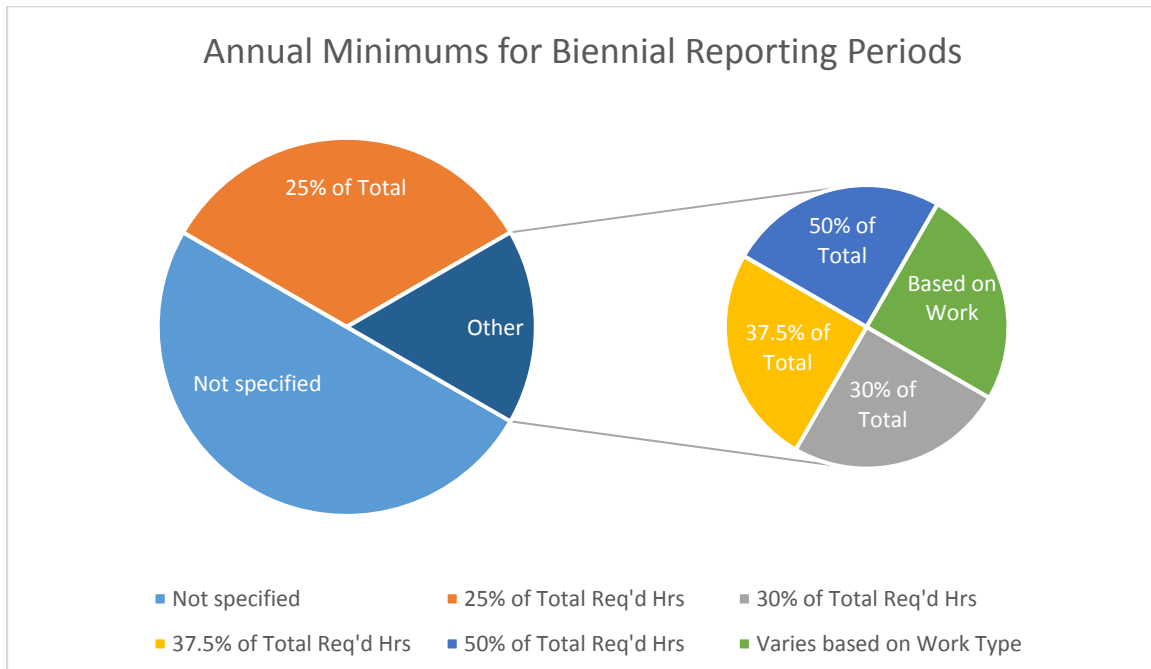


¹ Wisconsin currently requires no CPE. However, 2017 Wis. Act 88 requires its state board of accountancy to promulgate rules on specific CPE requirements by 2021.

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

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

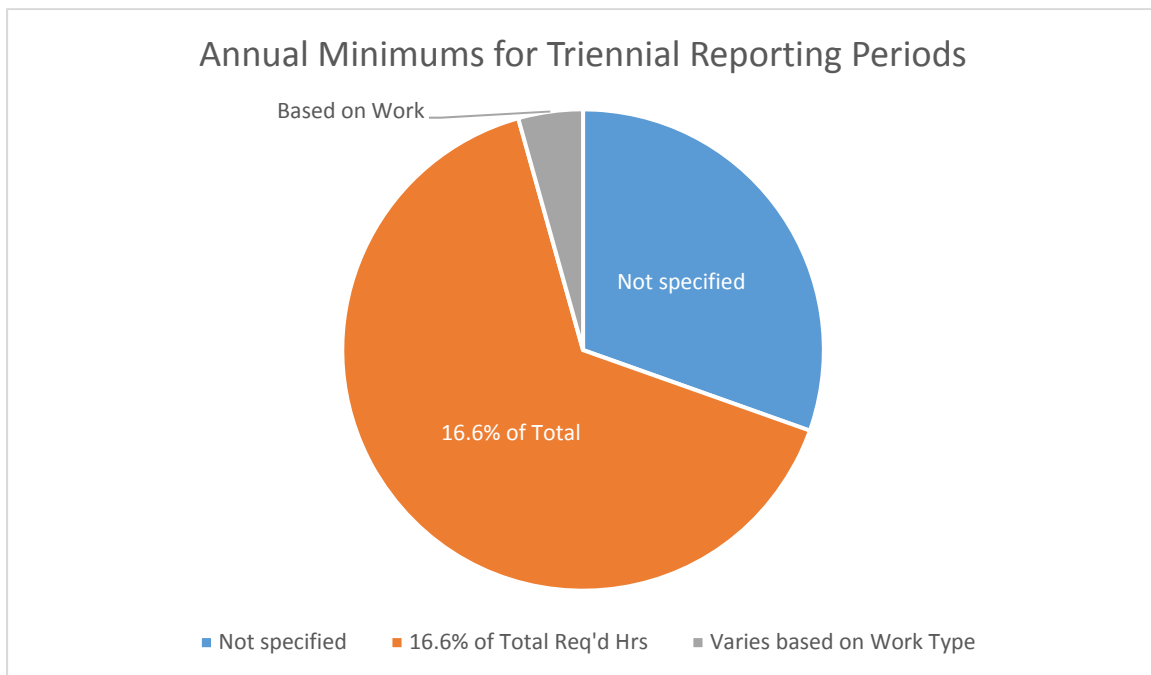
The majority of states that use a biennial reporting period do not specify annual minimum CPE requirements. Of the jurisdictions that do, most choose to require CPAs complete at least 25%³ of the required total hours annually. Kansas is the only state with a biennial reporting period that has a variable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



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

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

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



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

Outliers for Overall CPE Requirements

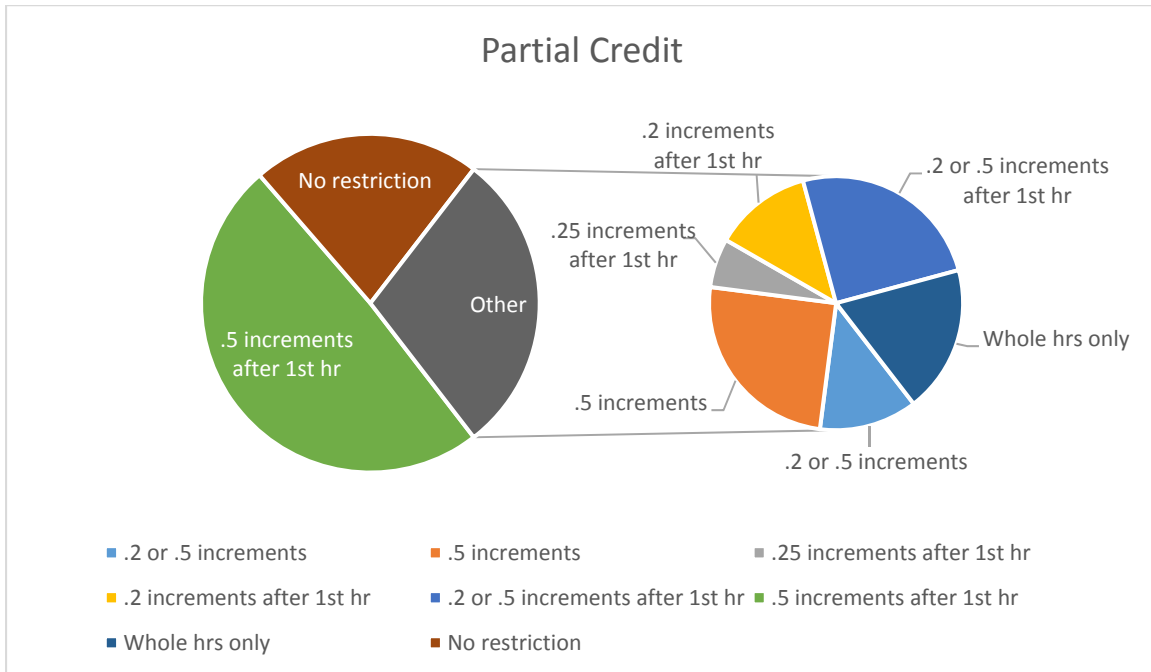
Kentucky, North Dakota, Puerto Rico, and New York are the only jurisdictions that deviate, in whole or in part, from the annual average of forty (40) hours of CPE.

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

Partial Credit Restrictions

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

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



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

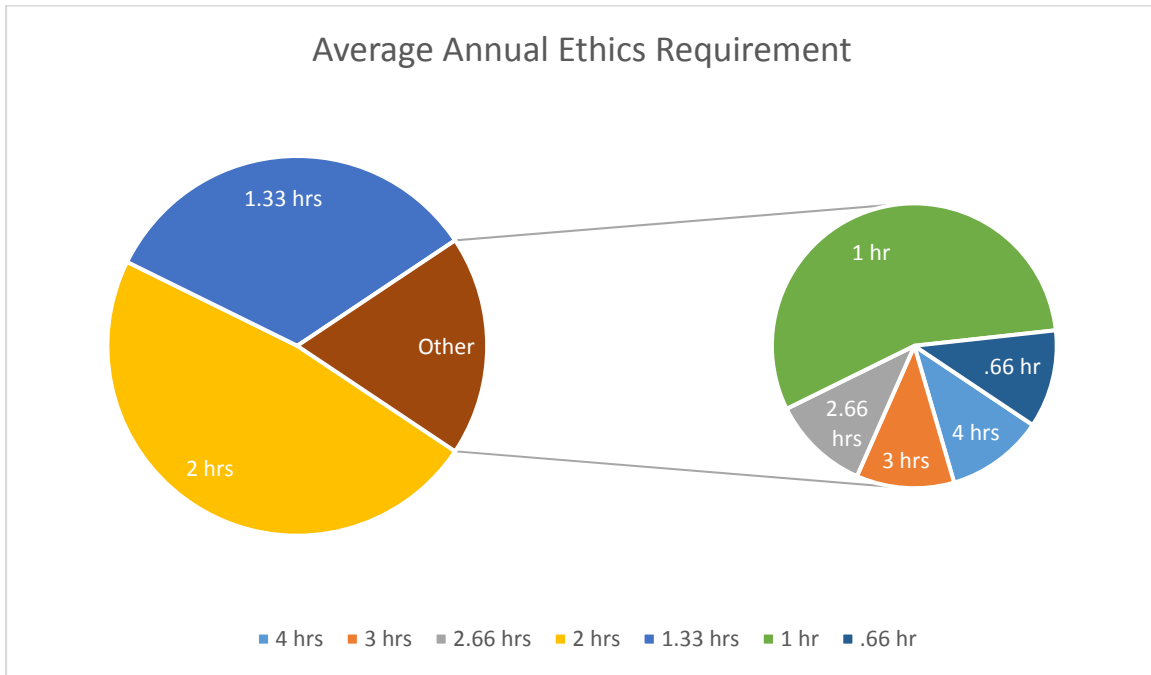
Ethics CPE

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

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

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

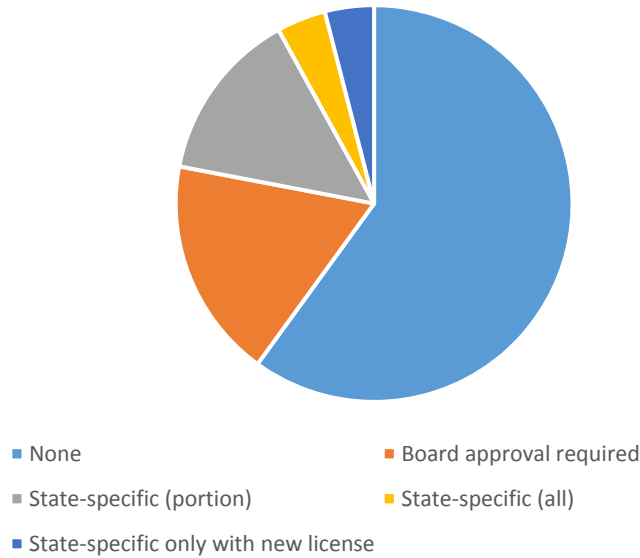
noted that while it is included in the chart below, Louisiana does not set the required number of ethics hours in statute or regulation so there can be some variation from year-to-year; for 2018, the length of the annual required Louisiana ethics course is three (3) hours.



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

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

Ethics Course Content Controls



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

Requirements and Limits on Subject Areas and Delivery Methods

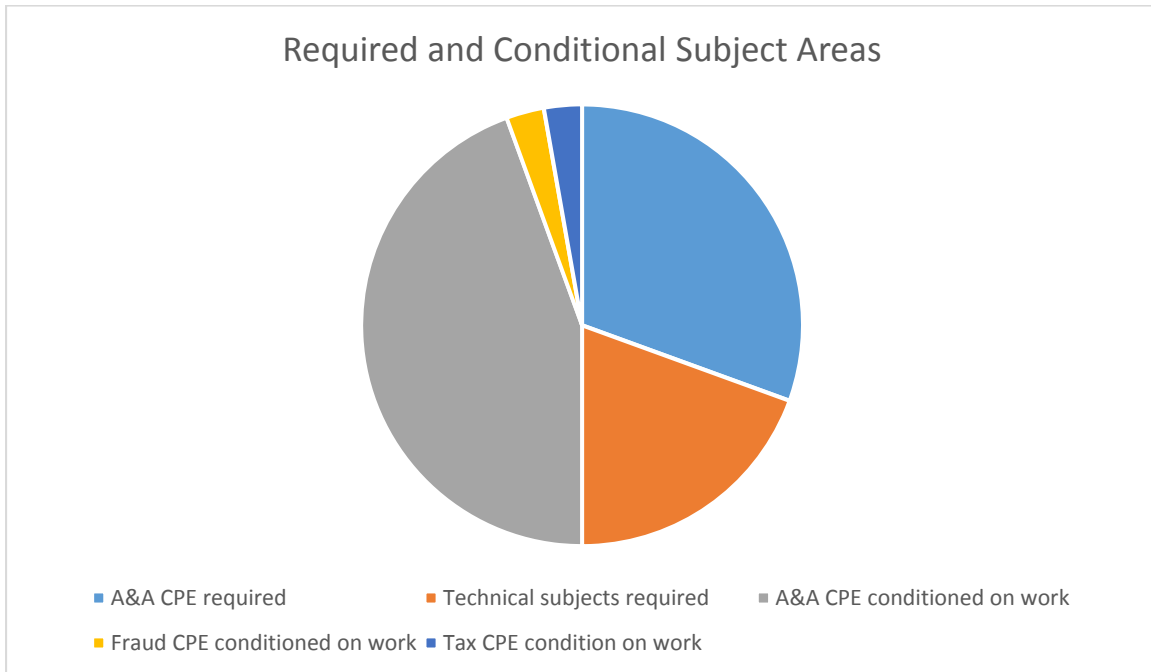
The greatest differences between jurisdictions in CPE regulation is the subject area of CPE. Regulation of subject areas can vary from capping certain types of subject areas (for example, Colorado imposes a cap on personal development of no more than 20% of required total hours) whereas other jurisdictions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

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

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

Required and Conditional CPE

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

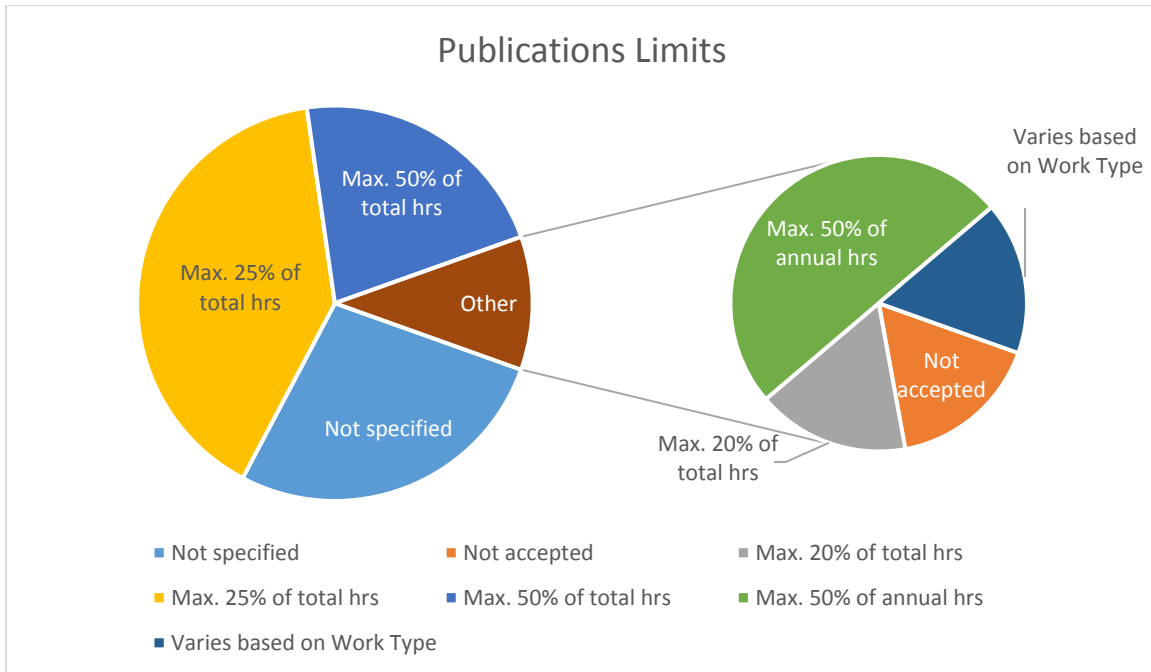


CATEGORY	TOTAL
A&A CPE conditioned on work	16
A&A CPE required	11
Technical subjects required	7
Fraud CPE conditioned on work	1
Tax CPE condition on work	1

Publications

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

⁸ Louisiana, Oklahoma, and Texas.



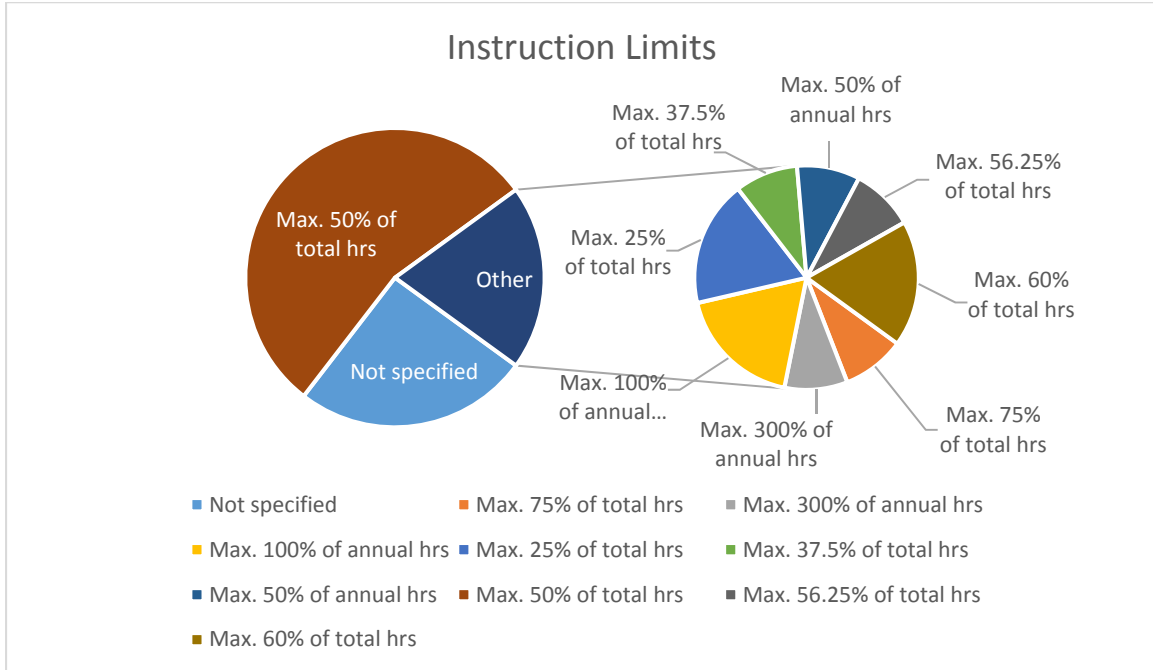
CATEGORY	TOTAL
Max. 25% of total hrs	22
Not specified	15
Max. 50% of total hrs	12
Max. 50% of annual hrs	3
Not accepted	1
Max. 20% of total hrs	1
Varies based on Work Type	1

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

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

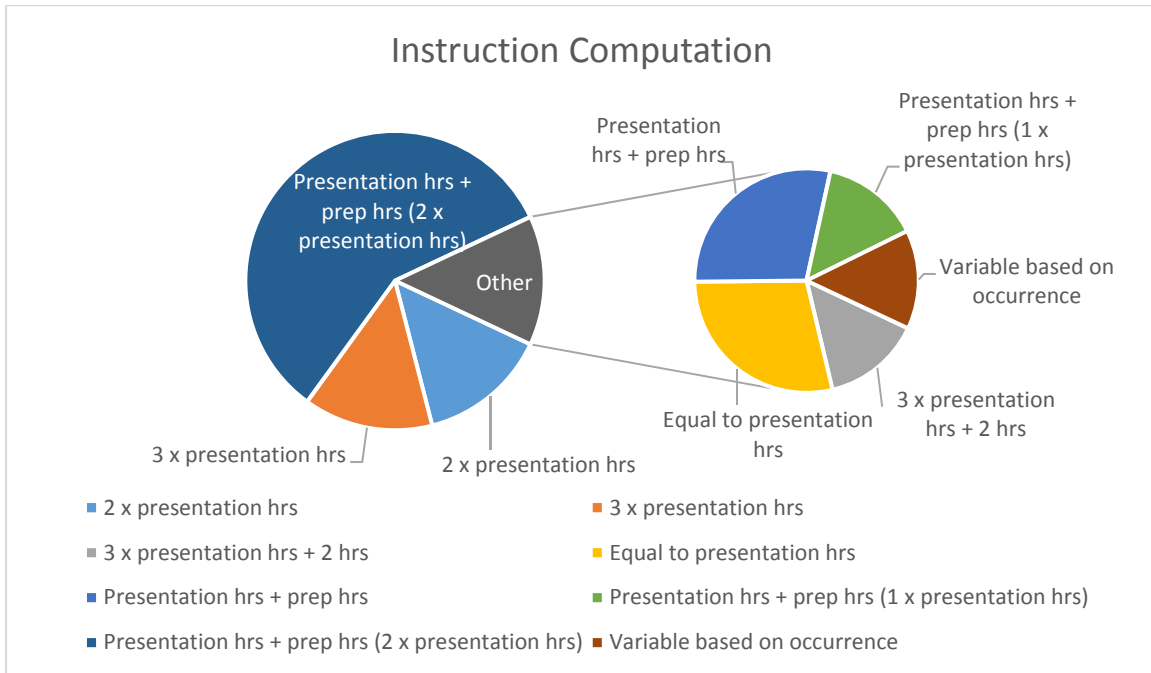
Instruction

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



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

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



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

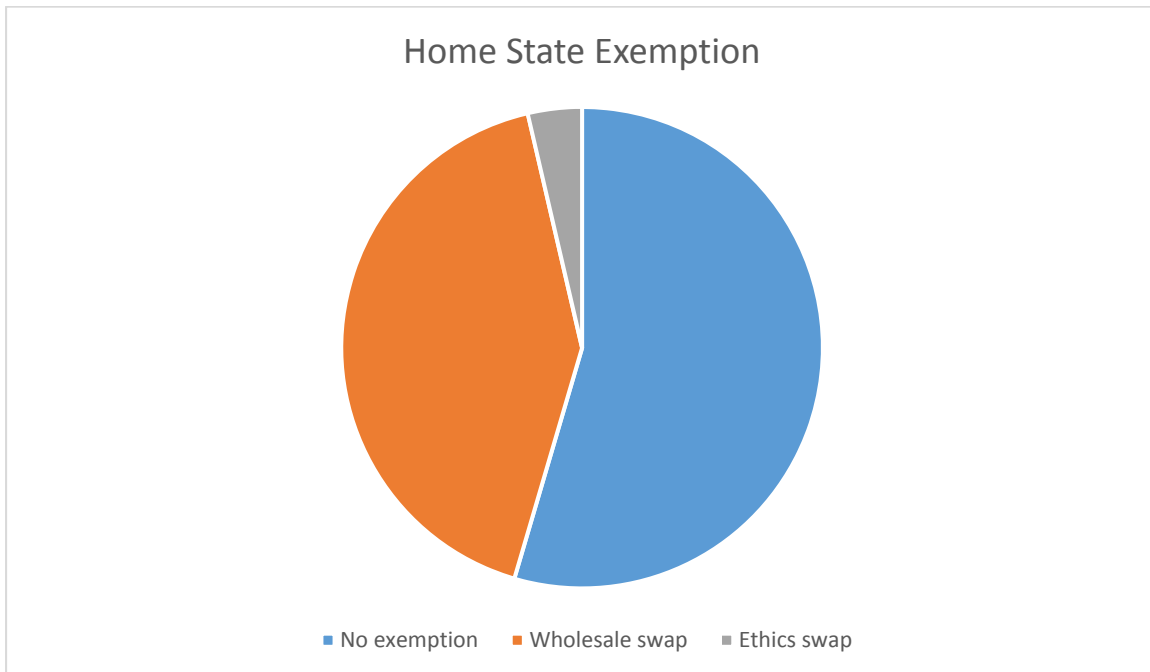
⁹ Colorado, Minnesota, Northern Marian Islands, U.S. Virgin Islands, and Washington.

¹⁰ Virginia and North Carolina.

¹¹ Florida.

Flexibility in Meeting CPE Requirements

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



CATEGORY	TOTAL
No exemption	30
Wholesale swap	23
Ethics swap	2

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

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

¹² Alabama.

¹³ Alaska, Florida, Guam, and Virginia.

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

For the VBOA's Consideration

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

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

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

¹⁵ Arkansas.

Administrative Policy and Procedure

Policy name:	Delegations of Authority
Effective date:	September 25, 2018
Authority:	Code of Virginia § 54.1-4400 et seq.
Policy:	The VBOA delegates to staff and its committees the authority to act without requiring prior ratification from the full Board under the following circumstances.
Procedures:	<p>The VBOA Executive Director has the authority to:</p> <ul style="list-style-type: none"> • Sign Consent Orders that involve CPE deficiencies and any associated false statements on renewal applications. • Sign Orders Permitting Reinstatement for those applicants who have fully complied with the terms and conditions of disciplinary orders where the VBOA suspended their Virginia CPA license for CPE deficiencies. • Waive all or part of a licensee’s CPE requirements for one or more calendar years or grant additional time for complying with the CPE requirements in the event of circumstances beyond the control of the licensee. • Examine and determine on a case-by-case basis if hours of CPE will be granted for forums not otherwise specified in VBOA regulation 18VAC5-22-90(E). • Close complaints if the Executive Director determines that the VBOA lacks subject matter jurisdiction, that the complaint has been untimely filed, or both. • Preside over proceedings held pursuant to Code of Virginia § 2.2-2019 for matters involving: <ul style="list-style-type: none"> ○ CPE deficiencies and any associated false statements on renewal applications ○ Eligibility matters where reinstatement applicants have not fully complied with the terms and conditions of disciplinary orders wherein their Virginia CPA license was suspended for CPE deficiencies • Close enforcement cases involving CPE deficiencies and any associated false statements on renewal applications if the Executive Director determines there is no finding of fact to indicate the VBOA has cause to impose discipline or if the violation is so minor that disciplinary action is not in the public’s best interest.

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- Designate, in writing, a staff member to have the same authority in the event of the Executive Director's absence.

VBOA staff have the authority to:

- Examine and approve applications for initial licensure, renewal of licensure, and reinstatement of licensure, provided no information is disclosed or discovered that calls into question an applicant's suitability to use the CPA title in Virginia.
- Examine and approve eligibility for taking the CPA exam and examine and grant requests for necessary and reasonable exam accommodations under the Americans with Disabilities Act.
- Examine and make the initial determination to approve or deny requests changing the status of a Virginia CPA license or the name or address of a licensee.
- Examine and approve or deny requests to become an approved provider/sponsor of the current year's Virginia-Specific Ethics Course.
- Examine a licensee's compliance with the continuing professional education requirements and suspend such review if the licensee voluntarily surrenders their Virginia individual CPA license.
- Work with the Department of Planning and Budget and the Virginia Information Technologies Agency to prepare and submit an agency strategic plan and information technology strategic plan, respectively.
- Collect payments of fees and monetary penalties, to establish an annual operating budget, to request additional appropriation, and to prepare its financial statements.
- Prepare and submit the biennial report prescribed by Code of Virginia § 54.1-4421.
- Do all things necessary to ensure the orderly and lawful operation of the VBOA and to carry into effect Code of Virginia § 54.1-4400 and VBOA regulations.

VBOA investigators have the authority to:

- Initiate or receive complaints concerning compliance with any statutes or regulations pertaining to the VBOA or any of the programs that may be in another title of the Code of Virginia for which the VBOA has regulatory responsibility.
- Initiate a complaint if after two peer reviews, a firm receives "pass with

Administrative Policy and Procedure

deficiency,” “fail,” or any combination thereof, for review and determination as to whether there has been any violation of the VBOA’s statutes and/or regulations.

- Offer Consent Orders for CPE deficiencies and any associated false statements on renewal applications in conformity with the guidelines set by the VBOA.
- Suspend proceedings for CPE deficiencies and any associated false statements on renewal applications if the licensee voluntarily surrenders their Virginia individual CPA license.

The VBOA Enforcement Committee has the authority to:

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

Scope: The policy and procedures provided herein apply to classified and hourly-wage employees, contractors, and at-will appointees of the VBOA.

Policy review: The Delegations of Authority Policy and Procedure was initiated on September 25, 2018.

Staff awareness: Employees are made aware of this policy through initial orientation and staff meeting review.

Supersession: This policy is new.

Executive Director: Mary T. Charity (Acting)

Date approved/reviewed: September 25, 2018