



Thursday June 27, 2019

Board Meeting Agenda

Board Room #1
 2nd Floor Conference Center
 9960 Mayland Drive
 Henrico, VA 23233
 Phone: (804) 367-8505

- 10:00 a.m. Call to Order – **Susan Quaintance Ferguson, CPA, Chair**
- Security Briefing – **Patti Hambright, Administrative Assistant**
 - Determination of Quorum
 - Approval of June 27, 2019, Agenda
 - Approval of May 21, 2019, Board meeting minutes
 - Approval of Consent Agenda
 - Consent Orders
 - 2014-D0026 (Bradshaw and Moyers)
 - 2016-0035U (Brown and Saunders)
 - 2017-355-036U (Brown and Saunders)
 - Public comment period*
- 10:15 a.m. 1. Committee Updates – **Susan Quaintance Ferguson, CPA, Chair**
- NASBA Committee Updates, as available
 - NASBA Eastern Regional Meeting – **Stephanie Saunders, CPA**
 - Other Committee updates
- 10:25 a.m. 2. Executive Director’s Report – **Nancy Glynn, CPA, Executive Director**
- General updates
 - May 2019 Board Report – **Mary Charity, Deputy Director for Operations**
 - May 2019 Financial Report – **Renai Reinholtz, Deputy Director for Finance and Administration**
- 10:45 a.m. 3. Board Discussion Topics – **Susan Quaintance Ferguson, CPA, Chair**
- Approval of the upcoming VBOA Chair and Vice Chair
 - Changes to Active – CPE Exempt status
 - CPE survey and guidelines
 - Virginia-Specific Ethics Course – 2020 and beyond
 - Legislation updates
- 12:00 p.m. 4. Additional Items for Discussion – **Susan Quaintance Ferguson, CPA, Chair**
- Carryover topics (Additional items for discussion)
- Trust Fund Policy (August 2019)
 - Publication of VBOA disciplinary actions (October 2019)
 - Required coursework for CPA examination/licensure (November 2019)
 - Sign Conflict of Interest forms



- Sign Travel Expense vouchers
- Future meeting dates
 - August 22, 2019
 - October
 - November 2019 (Campus meeting)

12:15 p.m. Presentation of Resolution

12:30 p.m. Recess for Board lunch

1:00 p.m. 5. Closed Session – Legal and Enforcement

- Enforcement – Amanda E. Blount, Enforcement Director
- OAG updates and legal advice

2:00 p.m. 6. Closed Session – Personnel discussion

3:00 p.m. Adjournment

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

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



**Board Meeting
May 21, 2019
Draft/Unapproved minutes**

The Virginia Board of Accountancy met on Tuesday, May 21, 2019, in Board Room #1 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBERS PRESENT: Susan Quaintance Ferguson, CPA, Chair
D. Brian Carson, CPA, CGMA, Vice Chair
Matthew P. Boshier, Esq.
W. Barclay Bradshaw, CPA
William R. Brown, CPA
Stephanie S. Saunders, CPA
Laurie A. Warwick, CPA

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

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

**STAFF PRESENT FOR
A PORTION OF THE
MEETING:** Charlynn Throckmorton, Investigator

**MEMBERS OF THE
PUBLIC PRESENT:** Alan Gernhardt, Executive Director, Virginia Freedom of Information
Advisory Council
Stephanie Peters, CAE, President and CEO, Virginia Society of
Certified Public Accountants
Amy Mawyer, Vice President of Learning, Virginia Society of
Certified Public Accountants
Yvonne Crenshaw, Organizational Development Consultant
Daniel Balkey, CPA

CALL TO ORDER

Ms. Ferguson called the meeting to order at 9 a.m.



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SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

DETERMINATION OF QUORUM

Ms. Ferguson determined there was a quorum present.

APPROVAL OF AGENDA

Upon a motion by Mr. Carson, and duly seconded, the members voted unanimously to approve the May 21, 2019, agenda as presented. The members voting “**AYE**” were Ms. Ferguson, Mr. Carson, Mr. Boshier, Mr. Bradshaw, Mr. Brown, Ms. Saunders and Ms. Warwick.

APPROVAL OF MINUTES

Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to approve the April 30, 2019, Board meeting minutes as amended. The members voting “**AYE**” were Ms. Ferguson, Mr. Carson, Mr. Bradshaw, Mr. Brown, Ms. Saunders, Mr. Boshier and Ms. Warwick.

PUBLIC COMMENT PERIOD

Ms. Mawyer noted the VSCPA had launched CPA Ready Workshops to be presented at colleges and universities. The VSCPA plans to visit Norfolk State University in CY2019. She also noted the VSCPA would be launching six scholarships for technical training.

Ms. Peters, following up on the April 30, 2019, Board meeting, noted the CY2019 Virginia-Specific Ethics Course incorporated behavioral ethics, case studies and an ethical decision-making model.

EXECUTIVE DIRECTOR’S REPORT

General Updates

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

- Ms. Glynn noted the VBOA staff participated in activities the first week of May celebrating public service week.
- Ms. Glynn welcomed and introduced Ms. Crenshaw.
- Ms. Glynn noted she had attended the VSCPA Leadership Summit on May 16, 2019, in Richmond, VA.



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- Ms. Glynn noted she had attended the VSCPA Business & Industry Conference in Williamsburg, VA on May 20, 2019.

April 2019 Board Report

Ms. Charity presented and fielded questions regarding the April 2019 Board Report.

April 2019 Financial Report

Ms. Reinholtz presented and fielded questions regarding the April 2019 Financial Report.

STRATEGIC VISIONING DISCUSSION

Ms. Crenshaw led the strategic visioning discussion. She provided a handout entitled Values Questions and a lengthy discussion ensued.

ADDITIONAL PUBLIC COMMENT PERIOD

Mr. Balkey spoke on behalf of himself.

STRATEGIC VISIONING DISCUSSION (continued)

Ms. Crenshaw provided guidance as the Board reviewed the VBOA Mission and Vision statements. Discussion continued. The Board will revisit the VBOA Mission and Vision statements.

BOARD DISCUSSION TOPICS

Historically during the annual planning meeting, the Board Chair turns the discussion topics portion of the meeting over to the Board's Vice Chair. Ms. Ferguson followed suit and turned the meeting over to Mr. Carson.

Changes to Active – CPE Exempt Status

Ms. Saunders led the discussion regarding the proposed changes to the Active – CPE Exempt Status. Ms. Crenshaw worked with Board members to consolidate views. Ms. Peters provided comments. After an in-depth discussion, the Board agreed to revisit the topic at the June 27, 2019, Board meeting.

Guidance regarding CPAs serving the cannabis industry

Mr. Carson led the discussion concerning the guidance regarding CPAs serving the cannabis industry.



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Upon a motion by Ms. Saunders, and duly seconded, the members voted unanimously to approve that Board staff may communicate the following statement to interested parties upon inquiry: In the absence of such a determination by the courts (that a Virginia CPA or CPA firm has violated drug laws) the Virginia Board of Accountancy will not pursue independent disciplinary action against Virginia CPAs or CPA firms solely on the basis of providing services to a business involved in the sale or distribution of marijuana, provided that the business is operating legally under applicable state law. In providing this statement to interested parties, the Board also indicated that the staff should make clear that the Virginia Board of Accountancy does not provide legal advice. The members voting “**AYE**” were Ms. Ferguson, Mr. Carson, Mr. Boshier, Mr. Bradshaw, Mr. Brown, Ms. Saunders and Ms. Warwick.

Enforcement: goals for 2020 – strategies to streamline processes, establish guidelines and reduce backlog

Ms. Blount led the discussion regarding the enforcement goals for 2020. She provided a detailed handout, which included the FY2020 proposed enforcement plan.

Trust Fund Policy

Ms. Reinholtz led the discussion regarding the Trust Fund Policy. Ms. Reinholtz provided two thorough handouts and recommended no changes were necessary at this time.

CPE Survey and Guidelines

Ms. Glynn led the discussion regarding the CPE survey and guidelines. Ms. Crenshaw assisted in the discussion. Potential CPE survey questions were discussed.

RECESS FOR LUNCH 12:45 p.m.

RECONVENE 1:15 p.m.

FOIA TRAINING

Mr. Gernhardt provided FOIA (Freedom of Information Act) training and discussed requirements for conducting meetings and the use of emails that comply with FOIA relative to Board meetings and correspondence. Mr. Gernhardt fielded questions.



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Virginia-Specific Ethics Course – 2020 and beyond

Mr. Carson led the discussion regarding the Virginia-Specific Ethics Course. The Board agreed to revisit the topic at a later date.

Required Coursework for CPA Examination/Licensure

Ms. Ferguson led the discussion regarding the required coursework for CPA examination/licensure. Ms. Saunders noted this topic would be addressed at the NASBA 2019 Eastern Regional Meeting. The Board agreed to revisit the topic at a later date.

Legislation Updates

Ms. Glynn noted there were no legislation updates.

Carry over items/potential future topics

- Changes to Active – CPE Exempt status (June)
- Virginia-Specific Ethics Course – 2020 and beyond (June)
- Publication of VBOA disciplinary actions (On-going)
- CPE survey and guidelines (June)
- Trust Fund Reserve Policy (June)
- Required coursework for CPA examination/licensure (On-going)

Sign Conflict of Interest forms

Sign Travel Expense vouchers

Future meeting dates

- June 27, 2019
- August 22, 2019

Begin closed meeting

Upon a motion by Mr. Carson, and duly seconded, the members approved by unanimous vote the meeting be recessed and the Virginia Board of Accountancy convene a closed meeting under the Virginia



**Board Meeting
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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) and (27). The following non-members will be in attendance for the closed meeting to reasonably aid in the consideration of this topic: Nancy Glynn and Robert Drewry. The following non-member will be in attendance for a portion of the closed meeting to reasonably aid in the consideration of this topic: Amanda Blount.

End closed meeting

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

CALL FOR VOTE:

Susan Quaintance Ferguson, CPA – Aye
D. Brian Carson, CPA, CGMA – Aye
Matthew P. Boshier, Esq. – Aye
W. Barclay Bradshaw, CPA – Aye
William R. Brown, 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. Boshier, and duly seconded, members voted unanimously to accept Final Order 2018-001-001C as amended.

Ms. Blount was not in attendance and did not participate in the discussion.



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CALL FOR VOTE:

Susan Quaintance Ferguson, CPA – Aye
 D. Brian Carson, CPA, CGMA – Aye
 Matthew P. Boshier, Esq. – Aye
 W. Barclay Bradshaw, CPA – Aye
 William R. Brown, 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, members voted unanimously to accept Final Order 2015-U0025 as presented.

CALL FOR VOTE:

Susan Quaintance Ferguson, CPA – Aye
 D. Brian Carson, CPA, CGMA – Aye
 Matthew P. Boshier, Esq. – Aye
 W. Barclay Bradshaw, CPA – Abstain
 William R. Brown, CPA – Aye
 Stephanie S. Saunders, CPA – Aye
 Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Six (6)
 Abstain: One (1)
 Nays: None

Upon a motion by Mr. Bradshaw, and duly seconded, members voted unanimously to approve Final Order 2018-352-324C as amended.

Ms. Ferguson and Ms. Blount were not in attendance and did not participate in the discussion.

CALL FOR VOTE:

Susan Quaintance Ferguson, CPA – Abstain



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D. Brian Carson, CPA, CGMA – Aye
Matthew P. Boshier, Esq. – Aye
W. Barclay Bradshaw, CPA – Aye
William R. Brown, CPA – Aye
Stephanie S. Saunders, CPA – Aye
Laurie A. Warwick, CPA – Aye

VOTE:

Ayes: Six (6)

Abstain: One (1)

Nays: None

ADJOURNMENT

There being no further business before the VBOA Ms. Ferguson, adjourned the meeting at 3:50 p.m.

APPROVED:

Susan Quaintance Ferguson, CPA, Chair

COPY TESTE:

Nancy Glynn, CPA, Executive Director

Virginia Board of Accountancy
FY19 Board Report
As of May 31, 2019

REPORT CATEGORIES	FY2019 - YTD as of 05/31/19	FY2018 - YTD as of 5/31/18	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	26,799	26,331	26,318	25,452	24,648	24,791
Number of Active - CPE Exempt, licensed CPAs	1,793	1,543	1,585	1,326	1,158	898
Number of Active - Renewal Fee Delinquent (<12 months), licensed CPAs	0	58	0	933	1,516	1,142
Total Number of Licensed CPAs	28,592	27,932	27,903	27,711	27,322	26,831
Number of out-of-state licensees	8,679	8,350	8,330	8,290	8,152	8,086
Reinstatements - Individuals	156	165	178	92	79	106
Number of new CPA licenses issued	1,078	1,159	1,227	1,378	1,322	1,240
Net change in number of expired/voluntary surrendered licenses (>12 months)	197	1,103	1,213	1,081	910	863
Firms:						
Number of Active, licensed CPA firms	1,164	1,174	1,177	1,123	1,092	1,115
Number of Active - Renewal Fee Delinquent (<12 months), licensed CPA firms	0	4	0	44	65	71
Total Number of Licensed CPA Firms	1,164	1,178	1,177	1,167	1,157	1,186
Reinstatements - Firms	9	10	10	5	5	0
Number of new CPA firm licenses issued	37	70	74	65	29	40
Net change in number of expired/voluntary surrendered firm licenses (>12 months)	40	69	74	60	63	72
EXAM CANDIDATES						
Number of first time candidates applying to sit for CPA exam	1,493	1,526	1,675	1,819	2,136	1,904
ENFORCEMENT - non-CPE						
Number of complaints	43	81	85	82	145	84
Types of complaints:						
Unlicensed activity	13	20	20	45	41	24
Other disciplinary matters	30	61	65	37	104	60
CPE AUDITS						
Number of CPE audits selected	1,699	2,230 (a)	2,402	2,022	1,578	1,088
Status of CPE Audits:						
# of CPE audits resulting in compliance	1,079	1,581	2,001	1,594	1,291	819
# of CPE audit deficiencies	131	249	401	428	286	269
# of CPE audit deficiencies resulting in surrender of license	7	22	32	52	30	17
# of CPE audit deficiencies resulting in suspension of license	5	9	23	34	19	19
# of CPE audits open/pending review	489	400	0	0	1	0
CPE Audit Deficiency Rate	11%	14%	17%	21%	18%	25%
NOTES:						
(a) CPE audits selected through March 2019 - Currently in CPE Tracker black out period since March 4, 2019.						

Financial Report
FY19 Budget vs. Actual Expenses
As of May 31, 2019

<u>Expenditure Type</u>	<u>FY19 Operating Budget</u>	<u>FY19 YTD Expenditures</u>	<u>% Expended</u>	<u>FY18 YTD Expenditures</u>	<u>FY17 YTD Expenditures</u>	<u>FY16 YTD Expenditures</u>
<u>Salaries & Benefits</u>	1,246,789	1,125,211	90.2%	1,174,172	1,103,143	999,185
Total Salaries & Benefits	\$ 1,246,789	\$ 1,125,211	90.2%	\$ 1,174,172	\$ 1,103,143	\$ 999,185
<u>Contractual Services</u>						
1209 Charge Card Purchases (not distributed)	-	-	---	-	-	-
1211 Express Services	800	101	12.7%	722	-	-
1214 Postal Services	13,000	7,285	56.0%	12,886	7,975	9,144
1215 Printing Services	5,500	3,271	59.5%	5,487	5,245	4,163
1216 Telecommunications - VITA	13,500	11,516	85.3%	11,613	12,272	10,021
1217 Telecommunications - Nonstate (CallFire)	300	100	33.3%	100	600	-
1219 Inbound Freight	150	52	34.8%	160	418	858
1221 Organization Memberships (primarily NASBA)	7,255	7,575	104.4%	7,255	7,250	7,030
1222 Publication Subscriptions	1,250	1,171	93.7%	1,266	4,730	5,254
1224 Training - Courses, Workshops, Conferences	6,955	3,373	48.5%	11,459	8,914	8,566
1225 Employee Tuition Reimbursement	1,618	1,618	100.0%	-	-	-
1227 Training-Transportation, Lodging, Meals, Incidentals	15,000	4,551	30.3%	23,825	10,933	16,123
1228 Employee IT Training Courses/Workshops and Conferences	100	91	91.0%	-	91	91
1242 Fiscal Services (Credit Card Merchant Fees)	50,000	30,312	60.6%	48,558	53,790	47,883
1243 Attorney Services (Including OAG)	62,020	62,020	100.0%	51,736	24,844	36,671
1244 Mgmt. Services - NASBA/special accommodations - IT Support	29,800	29,047	97.5%	21,736	75,641	64,564
1245 Personnel Management Services	-	79	---	-	-	-
1246 Public Info/Public Relations (subscriptions)	5,100	3,470	68.0%	3,538	5,015	1,756
1247 Legal Services (Includes court reporting services)	18,000	9,351	52.0%	19,562	12,977	10,306
1248 Media Services	-	-	---	-	-	235
1252 Electrical Repair/Maintenance	-	-	---	-	90	-
1253 Equipment Repair/Maintenance	-	823	---	-	-	-
1263 Clerical / Temp Services	-	-	---	2,754	2,475	-
1264 Food and Dietary Services	3,500	2,932	83.8%	3,236	2,156	2,170
1265 Laundry & Linen Services	-	13	---	-	25	-
1266 Manual Labor Services (Includes shredding services)	720	260	36.1%	394	1,122	380
1267 Production Services	-	-	---	-	-	1,771
1268 Skilled Services	-	1,138	---	-	-	960
1272 VITA Pass Thru Charges (SA Maintenance, IT Upgrades, and ISO services)	131,677	133,466	101.4%	135,170	122,620	87,475
1273 Info Mgmt Design and Development Services (Project Manager)	156,000	68,000	43.6%	94,600	-	-
1278 VITA Information Technology Infrastructure Services	144,000	121,711	84.5%	119,126	90,483	118,041
1279 Computer Software Development Services (MicroPact and Data Conversion)	455,570	234,015	51.4%	346,155	-	-
1282 Travel - Personal Vehicle	8,000	5,741	71.8%	8,099	6,980	5,926
1283 Travel - Public Carriers	-	77	---	-	589	543
1284 Travel - State Vehicles	1,000	200	20.0%	652	619	1,347
1285 Travel - Subsistence and Lodging	1,500	1,612	107.4%	2,182	1,250	1,749
1288 Travel, Meal Reimburse - Not IRS Rpt	1,000	824	82.4%	1,423	730	917
Total Contractual Services	\$ 1,133,315	\$ 745,794	65.8%	\$ 933,694	\$ 459,834	\$ 487,145
<u>Supplies and Materials</u>						
1312 Office Supplies	5,000	3,618	72.4%	5,023	4,338	6,726
1313 Stationery and Forms	2,500	1,786	71.4%	2,028	2,214	2,249
1323 Gasoline (Enterprise vehicles)	250	103	41.4%	221	155	308
1335 Packaging and Shipping Supplies	500	1,237	247.4%	485	958	715
1342 Medical & Dental Supplies	50	5	9.7%	-	260	48

<u>Expenditure Type</u>	<u>FY19 Operating Budget</u>	<u>FY19 YTD Expenditures</u>	<u>% Expended</u>	<u>FY18 YTD Expenditures</u>	<u>FY17 YTD Expenditures</u>	<u>FY16 YTD Expenditures</u>
Supplies and Materials, continued						
1352 Custodian Repair & Maintenance	300	-	0.0%	389	41	48
1362 Food & Dietary Supplies	525	301	57.4%	498	561	260
1363 Food Service Supplies	100	48	47.7%	62	107	15
1364 Laundry & Linen Supplies	-	-	---	-	24	-
1373 Computer Operating Supplies	5,500	3,517	63.9%	3,194	7,004	3,402
Total Supplies & Materials	\$ 14,725	\$ 10,615	72.1%	\$ 11,900	\$ 15,919	\$ 14,635
Transfer Payments						
1413 Awards & Recognition	900	138	15.3%	848	863	717
1415 Unemployment Compensation	-	-	---	-	-	-
1418 Incentives	-	-	---	-	410	-
Total Transfer Payments	\$ 900	\$ 138	15.3%	\$ 848	\$ 1,273	\$ 717
Continuous Charges						
1512 Automobile Liability Insurance	231	-	0.0%	231	231	231
1516 Property Insurance	1,224	-	0.0%	1,224	1,224	1,224
1534 Equipment Rentals	8,500	6,380	75.1%	8,645	8,460	4,865
1539 Building Rentals - Non-State Owned Facilities	93,417	85,476	91.5%	90,982	88,126	76,350
1541 Agency Service Charges (DOA, PSB, DHRM, LVA & eVA)	38,424	37,264	97.0%	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	\$ 129,121	90.3%	\$ 140,457	\$ 135,308	\$ 116,287
Equipment						
2216 Network Components	1,200	452	37.7%	341	1,117	530
2217 Other Computer Equipment	500	708	141.5%	685	300	744
2218 Computer Software Purchases	-	379	---	540	2,157	3,556
2224 Reference Equipment	50	32	64.5%	80	26	181
2231 Electronic Equipment	-	-	---	-	164	-
2232 Photographic Equipment	-	-	---	552	845	-
2233 Voice and Data Transmission Equipment	-	256	---	164	-	1,691
2238 Electronic and Photo Equipment Improvements (Board Rooms)	3,000	3,791	126.4%	6,125	-	-
2261 Office Appurtenances (Blinds, Carpet, etc.)	350	348	99.4%	94	-	880
2262 Office Furniture	15,000	5,666	37.8%	555	3,375	14,385
2263 Office Incidentals	1,500	95	6.3%	969	2,646	1,627
2264 Office Machines	-	389	---	65	928	821
2268 Office Equipment Improvements	150	-	0.0%	-	129	129
2271 Household Equipment	-	-	---	-	342	-
Total Equipment	\$ 21,750	\$ 12,115	55.7%	\$ 10,168	\$ 12,030	\$ 24,543
Total Expenses	\$ 2,560,481	\$ 2,022,993	81.7%	\$ 2,271,239	\$ 1,727,506	\$ 1,642,512
Chapter 2 Appropriation	\$ 2,476,080					

**Virginia Board of Accountancy
Financial Report
Cash Balance
As of May 31, 2019**

	Operating Fund (09226)		Special Fund (02020)	
	FY2019 - YTD as of 5/31/19	FY2018 - YTD as of 5/31/18	FY2019 - YTD as of 5/31/19	FY2018 - YTD as of 5/31/18
Beginning Fund Balance July 1:	\$ 614,003	\$ 511,346	\$ 3,700,807	\$ 3,677,602
YTD Revenue Collected *	2,221,714	2,178,019	52,659	33,040
Accounts Payable **	2,000	30,391	0	0
Interfund Cash Transfers In/(Out), based on September 30th balance	43,805	(267,307)	(43,805)	267,307
Interfund Cash Transfers In/(Out), based on December 31st balance	373,278	137,961	(373,278)	(137,961)
Interfund Cash Transfers In/(Out), based on March 31st balance	(74,675)	185,274	74,675	(185,274)
Interfund Cash Transfers In/(Out), based on June 30 balance	0	0	0	0
YTD Expenditures	(2,022,994)	(2,145,086)	0	0
Cash Balance before annual transfers	\$ 1,157,131	\$ 630,598	\$ 3,411,058	\$ 3,654,714
Projected Cash Transfers:				
Transfers to Central Service Agencies ***	(\$11,302)	(\$10,155)	\$0	\$0
Cash Balance after transfers	\$ 1,145,829	\$ 620,443	\$ 3,411,058	\$ 3,654,714

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

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

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

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

Fee Type	FY2019 - YTD as of 5/31/19	FY2018 - YTD as of 5/31/18	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	\$ 275,835	\$ 284,275	\$ 309,965	\$ 333,960	\$ 369,945
(c) Renewal Fee	\$ 1,764,111	\$ 1,726,037	\$ 1,859,054	\$ 2,086,540	\$ 1,864,290
Reinstatement Fee	\$ 58,400	\$ 58,620	\$ 64,570	\$ 45,775	\$ 35,450
Duplicate Wall Certificate Fee	\$ 1,725	\$ 1,800	\$ 1,950	\$ 1,775	\$ 1,750
License Verification Fee	\$ 17,500	\$ 18,125	\$ 20,025	\$ 20,487	\$ 19,963
CPA Exam Score Transfers	\$ 1,825	\$ 2,275	\$ 2,325	\$ 2,075	\$ 2,075
Failure to Respond to Board Requests	\$ -	\$ -	\$ -	\$ 5,100	\$ 4,300
Administrative Fee	\$ -	\$ 1,000	\$ 1,000	\$ 5,100	\$ 4,100
Bad Check Fee	\$ 50	\$ 150	\$ 150	\$ 50	\$ 100
Total Revenue	\$ 2,205,926	\$ 2,175,522	\$ 2,349,619	\$ 2,616,342	\$ 2,367,168
(d) Net Revenue per Commonwealth Accounting and Reporting System (Cardinal)	\$ 2,213,625	\$ 2,172,232	\$ 2,338,729	\$ 2,604,132	\$ 2,378,598
(e) Difference	\$ (7,699)	\$ 3,290	\$ 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 May 31, 2019**

	FY2019 - YTD as of 5/31/19	FY2018 - YTD as of 5/31/18	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	\$ 211,948	\$ 290,610	\$ 326,285	\$ 187,925	\$ 284,528
\$ amount of fines collected	\$ 174,227	\$ 230,885	\$ 258,879	\$ 198,771	\$ 252,626
\$ OAG Fees	\$ -	\$ -	\$ -	\$ -	\$ 342
\$ Discharged	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Current fines receivable (< 365 Days)	\$ 67,877	\$ 84,345	\$ 92,026	\$ 25,442	\$ 51,538
Outstanding Written-off receivables (=> 365 Days) (a)	\$ 654,093	\$ 592,222	\$ 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.

June 21, 2019

Susan Q. Ferguson, CPA
Chair, Virginia Board of Accountancy
9960 Mayland Drive, Suite 402
Richmond, VA 23233

Dear Ms. Ferguson:

On behalf of the more than 13,000 members of the Virginia Society of CPAs (VSCPA), the VSCPA Executive Committee considered the Virginia Board of Accountancy's (VBOA) recent conversations regarding potential changes to the "Active — CPE Exempt" licensure status. As you continue your deliberations and discussions on this topic, we wanted to provide our thoughts on the proposals under consideration.

In order to ensure Virginia remains at the forefront of emerging trends in the regulation of CPAs, we believe the VBOA must ensure Virginia's statutes and regulations comply with the Uniform Accountancy Act (UAA) and related Model Rules in spirit, if not verbatim.

Under the UAA, state boards of accountancy are charged with establishing continuing professional education (CPE) requirements for licensure and renewal, including the option to allow an exception to those requirements. The UAA stipulates that licensees granted this exception must use the term "inactive" adjacent to their CPA title, except on their CPA certificate. Many states have adopted this model or something very similar.

While Virginia allows an exemption from the CPE requirements for licensees who are not providing services to the public or an employer through the "Active — CPE Exempt" status, use of the term "inactive" in conjunction with the CPA title is not currently required. We support changing to an "inactive" and "retired" status which mirrors the UAA and includes a requirement that CPAs in that status use "inactive" or "retired" adjacent to their title. In addition to being consistent with UAA and most other states and jurisdictions, this would be more understandable to the public and would help protect the CPA reputation and brand.

We understand the VBOA is also considering a model with an "inactive" status where CPAs holding that status would no longer be permitted to use the CPA title. We have significant concerns about this approach. Under this model, we believe many retired and inactive CPAs (nearly 1,800 current licensees) would drop their license moving them further away from the profession and making it less likely they return to the active status. In addition, they would no longer receive important communication from the VBOA about the profession and no longer be subject to oversight by the VBOA.

We also believe several prominent CPAs who are no longer practicing, such as past VSCPA President and AICPA Council Chair Sam Derieux, former Senator Walter Stosch and current House of Delegates member Joe McNamara, would drop their license under this model. This would be unfortunate for the profession. Having high profile CPAs continue to use the CPA title helps build the CPA brand and reputation and also has a positive impact on filling the CPA pipeline.

We also do not support lowering the number of CPE hours an inactive CPA needs to return to active status from 120 hours to 40 hours. If a CPA has been inactive for more than a couple of years, we believe 40 hours would not cover the amount of re-training the CPA would need to return to fully active status. We do not believe this change is in the interest of the public nor the quality standards of the profession.

Based on our analysis, we believe either of the changes to the “Active – CPE Exempt” status would require a statute change due to the definition of using the CPA title under § 54.1-4400 which states, “Holding a Virginia license or the license of another state constitutes using the CPA title.” The VSCPA is prepared to support a statute change which would create an “inactive” and “retired” status that requires use of the term “inactive” or “retired” adjacent to CPA for those holding that status. We would not support a change that creates an “inactive” status that does not allow use of the CPA title for those holding that status.

The VSCPA thanks you for the opportunity to provide our additional thoughts on this matter, and we appreciate your consideration of our positions. If you have questions or would like to discuss any of these comments further, please contact me or VSCPA Vice President of Advocacy Emily Walker at (804) 612-9428 or ewalker@vscca.com.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Stephanie Peters', with a stylized flourish at the end.

Stephanie Peters, CAE
President & CEO
Virginia Society of CPAs



Board Member CPE Survey

The VBOA is examining its regulations to determine if CPE requirements could be simplified for licensees, while continuing to protect the citizens of the Commonwealth who rely on those services. We would appreciate your feedback on the CPE requirements that are under consideration.

1. The VBOA requires licensed CPAs to obtain 120 CPE credit hours over a rolling three-year period (i.e., three calendar years prior to the current calendar year).

1a. How would you prefer VBOA to structure CPE requirements?

- 40 hours per year **(IF SELECTED, GO TO #2)**
- 80 hours over a two-year time period **(IF SELECTED, GO TO #1B)**
- 120 hours over a three-year period **(IF SELECTED, GO TO #1C)**

1b. How should the two-year reporting period be structured?

- Rolling two-year period (e.g., In 2020, the reporting period would be 2018 and 2019; In 2021, the reporting period would be 2019 and 2020; etc.)
- Specified two-year time periods (e.g., 2020-2021; 2022-2023; 2024-2025; etc.)

1c. How should the three-year reporting period be structured?

- Rolling three-year period (e.g., In 2020, the reporting period would be 2017, 2018 and 2019; In 2021, the reporting period would be 2018, 2019 and 2020; etc.)
- Specified two-year time periods (e.g., 2020-2022; 2023-2025; 2026-2028; etc.)

2. If CPE reporting requirements cover more than 1 year, should there be a yearly minimum?

- Yes, about 15% of total hours **(*about 15 hours)**
- Yes, about 20% of total hours **(*about 20 hours)**
- Yes, about 25% of total hours **(*about 25 hours)**
- No ***Will Board consider "no minimum" for this? If not, recommend deleting option.**
- Not sure ***Keep this option?**

***I think % would make sense if more options were being considered. Since it has been narrowed to 80 over 2 years or 120 over 3 years, I think we could put approximate numbers here instead to make it easier for respondents to answer the question without doing calculations in their heads. The options could be more specific if this was a follow-up to #1B and #1C, but I would recommend keeping the more general question so that respondents who selected "40 hours per year" or "I do not have a preference" for Question 1 will have the opportunity to respond.**



3. **Currently, CPE requirements may be obtained through technical courses (e.g., Accounting, Auditing, Business Law, Finance, Information Technology, Statistics, Taxes), as well as non-technical courses (e.g., sports, recreation, spirituality).**

Should VBOA have a minimum CPE requirement for technical courses to ensure CPAs maintain professional skills?

- Yes, about 15% of total hours
- Yes, about 20% of total hours
- Yes, about 25% of total hours
- No

4. **Currently, there is an 8-hour minimum A&A CPE requirement for licensees who release or authorize the release of reports on attest, compilation, or financial statement preparation services provided for persons or entities located in Virginia.**

Should the VBOA change this requirement?

- Yes, A&A should be required for everyone
- Yes, A&A should be optional for everyone
- No, the current policy should not be changed
- Not sure

5. **Would you prefer to report CPE requirements based upon a calendar year or the Commonwealth of Virginia fiscal year (which correlates with the CPA license single renewal date)?**

- Calendar year (January 1- December 31)
- Fiscal year (July 1 – June 30)
- I do not have a preference

6. **Currently, VBOA requires licensed CPAs to take a 2-hour Virginia-Specific Ethics Course each year.**

To what extent does the Virginia-Specific Ethics Course provide information that is relevant to your job?

- Not at all relevant
- Slightly relevant
- Moderately relevant
- Very relevant
- Extremely relevant



7. Should the VBOA change the yearly 2-hour requirement for the Virginia-Specific Ethics Course?

- Yes, the Virginia Specific Ethics Course it should only be required once for each reporting cycle (i.e., every two years for a 2-year reporting cycle or every three years for a 3-year reporting cycle).
- Yes, the Virginia Specific Ethics Course should be limited to 1- hour and based primarily on regulation.
- No

8. Should the Virginia-Specific Ethics Course requirement be reduced for CPAs who have been licensed by the VBOA for more than three consecutive years?

- Yes, but CPA's should be required to take an annual ethics course after the first three years of licensure
- No
- Not sure

9. Should the VBOA limit the amount of CPE credits that can be earned for professional presentations?

- Yes, the maximum should be about 25% of total hours
- Yes, the maximum should be about 50% of total hours
- Yes, the maximum should be about 75% of total hours
- No
- Not sure

10. Should the VBOA limit the amount of CPE credit that can be earned for professional publications?

- Yes, the maximum should be about 25% of total hours
- Yes, the maximum should be about 50% of total hours
- Yes, the maximum should be about 75% of total hours
- No
- Not sure

OTHER QUESTIONS/DEMOGRAPHICS

11. How do you plan to track CPE requirements for the upcoming year?

- My own spreadsheet or paper files
- My employer's CPE tracking system
- NASBA's new CPA Audit Service for individual CPAs
- Not sure



12. Approximately how many years have you been a licensed CPA in Virginia?

- Less than 3 years
- 3-5 years
- 6-10 years
- 11-20 years
- More than 20 years

13. Approximately how many people work for your employer?

- 1 (I am self-employed, and I do not have any employees.)
- 2-24
- 25-99
- 100-499
- 500-999
- 1,000-4,999
- 5,000-9,999
- 10,000 or more

14. Approximately how many other CPAs do you supervise? _____

**Allow respondents to provide a specific number or add response categories similar to #13?*

15. Do you hold a CPA license in another state?

- Yes
- No

16. Do you have any other comments or suggestions for restructuring CPE requirements?



Discussion Topic: Virginia-Specific Ethics Course

Overview

In discussing whether to update the Virginia-Specific Ethics Course requirement for CPAs, five general options were suggested with additional space for ideas different from the specific options presented. The options suggested are below:

- **Option #1:** The ethics class is fine the way it is – no changes needed to any part of the process.
- **Option #2:** The VBOA Ethics Committee should develop an outline for the annual ethics class but for 2021 (annually or biannually) competitively solicit training proposals from interested parties to ensure the class is the best fit for the board and licensees.
- **Option #3:** The VBOA Ethics Committee should develop an outline for the annual ethics programs but allow any qualified vendor to develop and present materials.
- **Option #4:** The Virginia-Specific Ethics Course should be required the first three years after licensure and/or reinstatement. Other licensees can choose a professional ethics course that relates to their field or interest. Regulatory ethics/changes can be certified at renewal through the VBOA website (if technology is possible).
- **Option #5:** The VBOA should require but not prescribe a specific ethics class for any licensee. Regulatory ethics/changes would be certified at renewal through the VBOA website (if technology is possible).

Summary of opinions

- ❖ **6 out of 7 members responded to the survey**
- ❖ **All respondents agree there should be an ethics requirement**
- ❖ **4 respondents expressed support for ensuring a competitive process**
- ❖ **At least 3 respondents support Option #4 (in general)**
- ❖ **At least 3 respondents support Option #1 (in general)**
- ❖ **At least 2 respondents support Option #5 (in general)**