

VIRGINIA BOARD  
OF ACCOUNTANCY

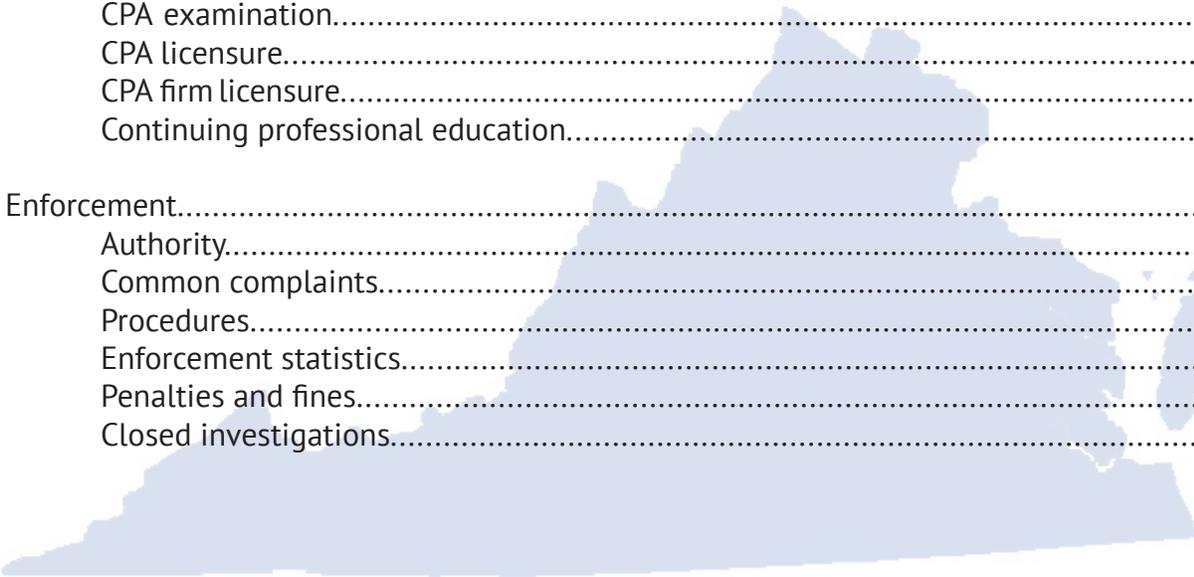
Biennial Report  
FY 2015-2016

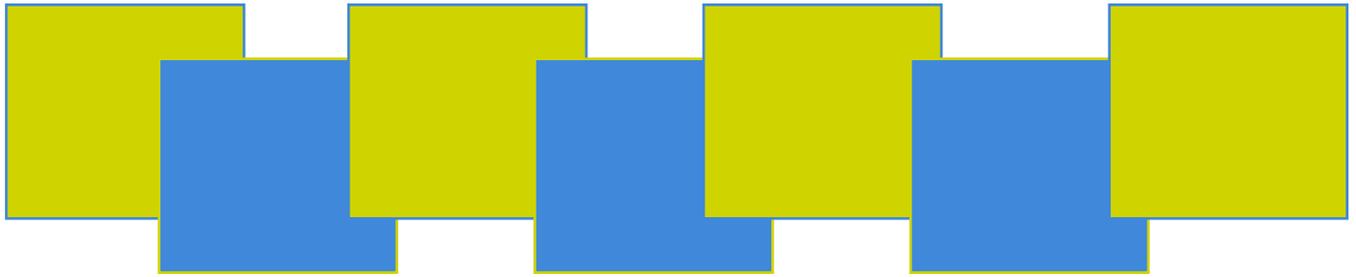


Our mission is to protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of CPAs and CPA firms.

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## MESSAGE FROM THE EXECUTIVE DIRECTOR

The Virginia Board of Accountancy is pleased to present its Biennial Report for the fiscal year ending June 30, 2016. The VBOA continues to be blessed with extremely dedicated, engaged and active Board members. Our involvement at the national level with the National Association of State Boards of Accountancy, or NASBA, helps to ensure that Virginia remains active in, and on top of, subject matter that guides the accounting profession and the CPA exam.

Virginia is well respected for its members' involvement with NASBA, to include the following as of this report:

- **Tyrone Dickerson:** former Board member and Chair, serving as a NASBA At-Large Director and Chair of the Diversity Committee
- **Stephanie Saunders:** current Board member and former Chair, serving as NASBA's Middle Atlantic Regional Director and a member of both the Communications and Relations with Member Boards Committees
- **Marc Moyers:** former Board member and Vice Chair, will soon be serving as the Middle Atlantic Region's Nominating Committee representative and is currently a member of the Ethics Committee
- **Jim Holland:** current Board member and Chair, serving on NASBA's CPE Committee
- **Matthew Boshier:** current Board member and Vice Chair, serving on NASBA's Standard-Setting Advisory Committee
- **Andrea Kilmer:** current Board member and former Chair, serving on NASBA's Diversity Committee
- **Wade Jewell:** serves on NASBA's Executive Director's Committee and next year's Chair elect



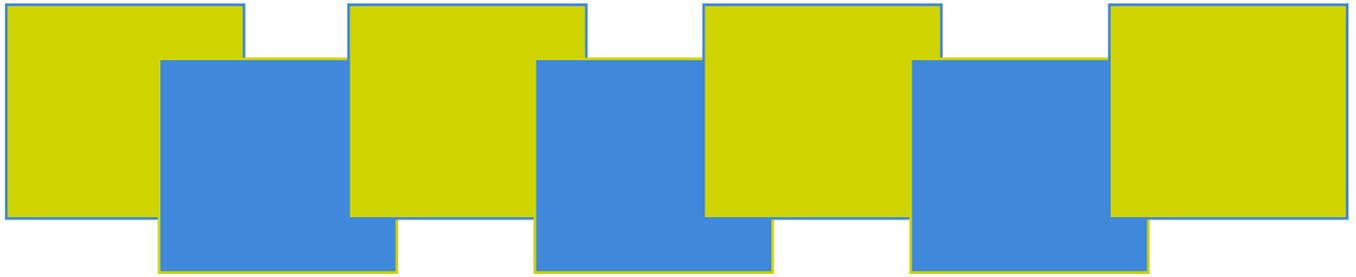
Wade A. Jewell  
VBOA Executive Director

Additional appointments are expected for our newest Board members over the next few months.

On the home front, we hope to complete the procurement of a new licensing and management information system by the end of calendar year 2016. Our current system was installed in February 2009. Since then, technology has changed and so have the needs of our Board members, staff, licensees, exam candidates and the public. We recognize these needs and technological changes and are excited about the opportunities to make positive changes from a user and customer service perspective.

From a customer perspective, we envision a more user-friendly experience beginning with the login process. Our expectation is that the system should lead our customers through a simple navigational process, clearly identifying next steps and requirements. From a technological perspective, customers will

*- Continued on page 2*



## MESSAGE FROM THE EXECUTIVE DIRECTOR, continued

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be able to access and process information through the use of computers, tablets, smart phones and other electronic devices, and will be able to attach or upload documents in lieu of paper mail or faxes.

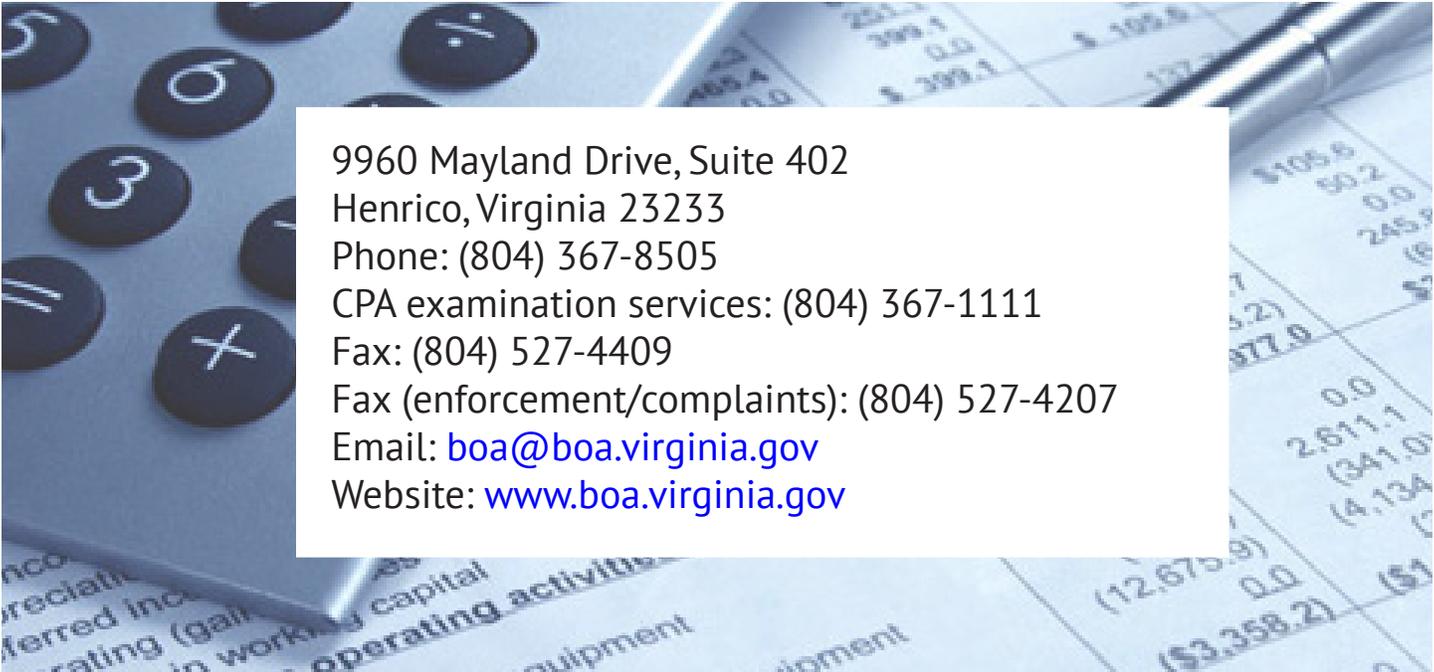
The system will provide enhanced communication tools for staff, including paper mail, email, texting and the use of social media at the request of the customer. System integrations will include exam candidates, licensure, renewals, reinstatements, CPE monitoring/tracking and enforcement (complaints). From a staff perspective, we also envision a more user friendly experience to include automated work flow processes, the use of data analytics and enhanced reporting capabilities.

Moving forward, the VBOA will continue to enhance our operations, customer service and delivery of key services. We will also continue to enhance the communications efforts to ensure our CPA exam candidates, licensees and the public are kept up-to-date on the most important issues from a regulatory board.

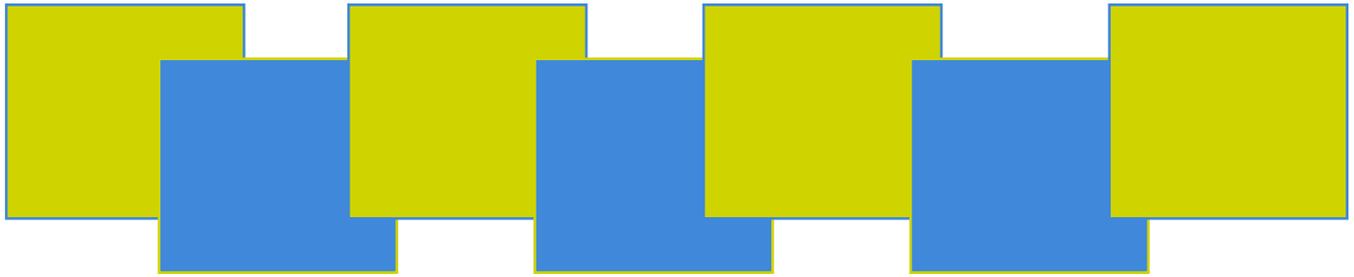
We are pleased with our accomplishments over the past two years and look forward with great anticipation to the plans we have developed for the VBOA's future.

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## CONTACT THE VBOA



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Website: [www.boa.virginia.gov](http://www.boa.virginia.gov)



## ABOUT THE VBOA

The Virginia Board of Accountancy, established in 1910, regulates certified public accountants in Virginia through a program of examination, licensure (individuals and firms), consumer protection (enforcement), continuing professional education audits and peer review oversight.

Unlike most state agencies in Virginia, the VBOA is not funded by public tax dollars. The VBOA is an independent, non-general fund agency whose revenues are wholly dependent upon the fees established for CPA exam candidates, applicants and licensees.

The VBOA may impose penalties on persons using the CPA title in Virginia or firms providing attest services or compilation services to persons or entities located in Virginia, or on a person or firm who does not hold a Virginia license or who does not meet the requirements to use the CPA title in Virginia in accordance with the Code of Virginia statutes and/or Board Regulations. All penalties collected by the VBOA are deposited to the state literary fund. Such funds are not available to the VBOA to use as operating funds.

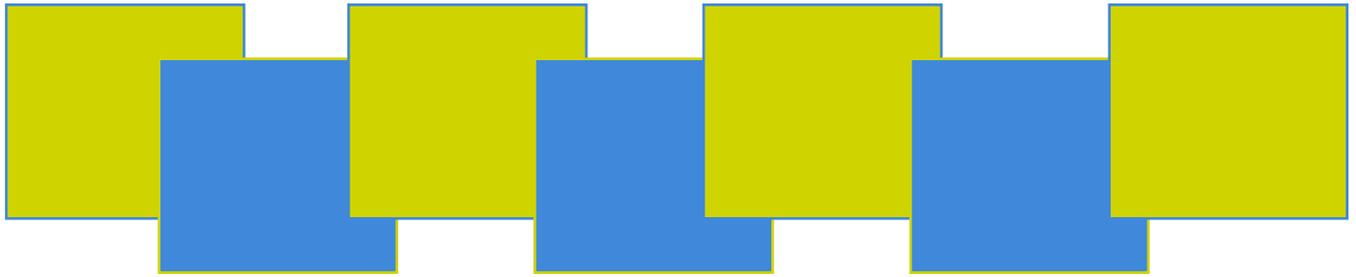
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### Mission and values

The VBOA's mission is to protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of CPAs and CPA firms.

The VBOA's commitment to excellence is demonstrated through the agency's values:

- **High ethical standards and integrity:** Pledging principled and reputable conduct
- **Exceptional customer service:** Demonstrating a courteous, empathetic and helpful attitude while assisting each customer to reach their goal
- **Honesty and fairness:** Acting with openness, impartiality and consistency
- **Teamwork:** Excelling mutually, the VBOA will work together with citizens and licensees to achieve the shared vision
- **Competence:** Striving for proficiency through creativity, innovation and diversity
- **Communication:** Achieving enhanced understanding between the VBOA, the regulated community and the public through effective communications, interactions and service
- **Continuous improvement:** Striving to innovate and to change where change is needed
- **Financial stewardship:** Maintaining frugality with respect to the expenditures of public funds



## VBOA STAFF

**Wade A. Jewell**

Executive Director

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**Christine K. Rappe**

CPE Coordinator

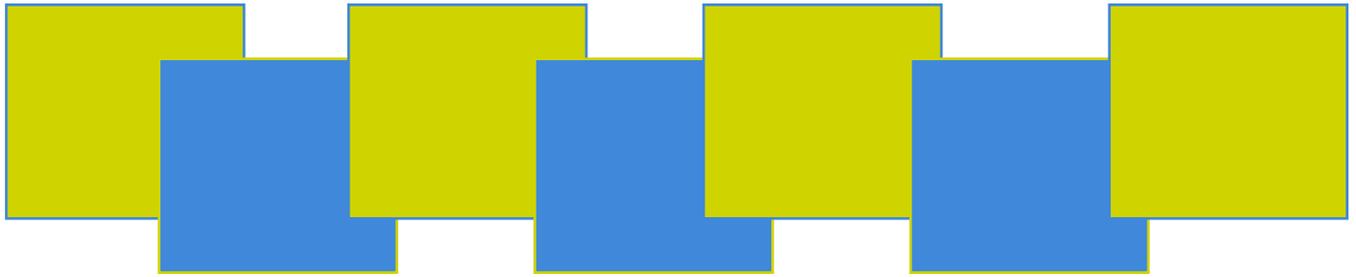
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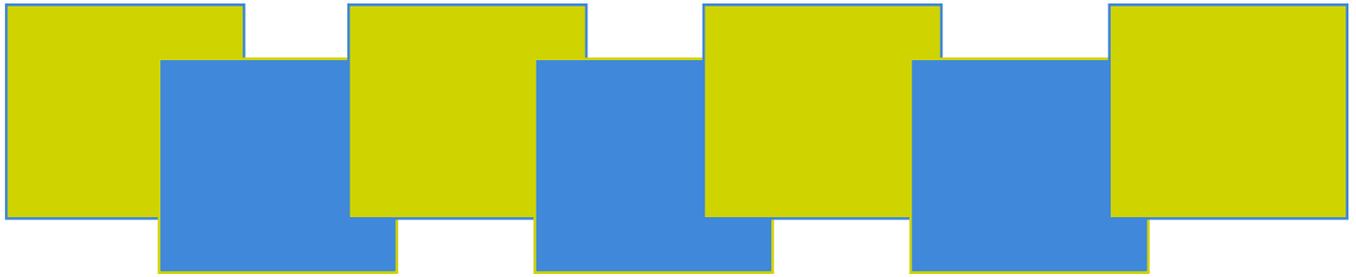
## BOARD MEMBERSHIP

The Virginia Board consists of seven members appointed by the Governor, including four members who hold Virginia licenses and have been actively engaged in providing services to the public for at least three years; one member who holds a Virginia license actively engaged in providing services to the public or to an employer in government or industry for at least three years; one educator in the field of accounting who holds a Virginia license; and one public member. Each member is appointed to serve a four-year term and may not serve for more than two consecutive terms. Board membership is defined in [§ 54.1-4402.B](#), Code of Virginia.

### FY 2016 Board Members and VBOA Executive Director

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## CURRENT BOARD MEMBERS



**James M. "Jim" Holland, CPA**  
**Chair FY 2017**

Term: July 1, 2013-June 30, 2017  
Chesterfield, Virginia

Jim Holland has worked as a sole practitioner and a professor in the business school at Virginia Commonwealth University. Also, he currently serves on the Chesterfield County Board of Supervisors.

**Matthew Boshier**  
**Vice Chair FY 2017**

Term: Aug. 29, 2014-June 30, 2020  
Public Member  
Richmond, Virginia

Matthew Boshier is a partner with the law firm of Hunton & Williams LLP. He concentrates on disputes and investigations relating to financial reporting and corporate governance matters.



**D. Brian Carson, CPA, CGMA**

Term: July 1, 2015-June 30, 2019  
Virginia Beach, Virginia

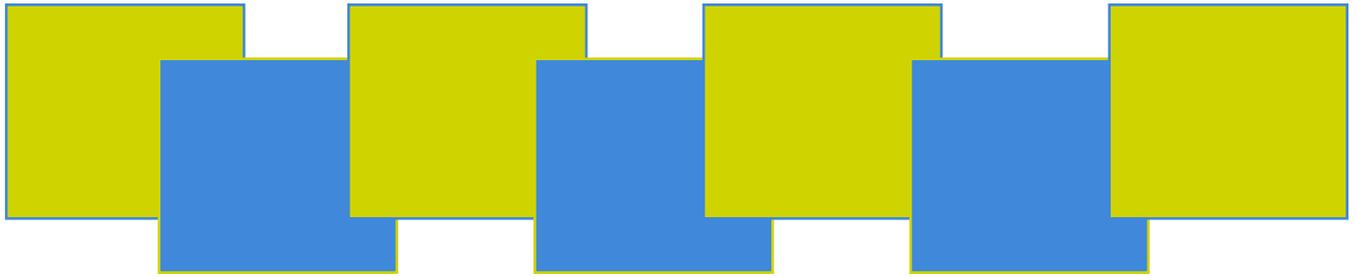
Brian Carson is the Chief Financial Officer for Gold Key/PHR Hotels & Resorts. As a CPA, he has more than 18 years of experience comprised of both public and private practice.

**Susan Quaintance Ferguson, CPA**

Term: July 1, 2015-June 30, 2019  
Educator  
Harrisonburg, Virginia

Susan Ferguson is a professor in the accounting department at James Madison University. Her previous experience includes working in public accounting as Principal at Susan Q. Ferguson, CPA, and Controller for a multi-office law firm.





## CURRENT BOARD MEMBERS

### **Andrea M. Kilmer, CPA, CFF, CGMA**

Term: July 1, 2010-June 30, 2018  
Virginia Beach, Virginia

Andrea Kilmer has served as a senior executive and is currently president and CEO for The ESG Companies with experience in all areas of accounting, tax, finance, administration and operations of numerous diverse businesses in Virginia for more than 25 years.



### **Stephanie S. Saunders, CPA Chair FY 2016**

Term: July 1, 2012- June 30, 2020  
Virginia Beach, Virginia

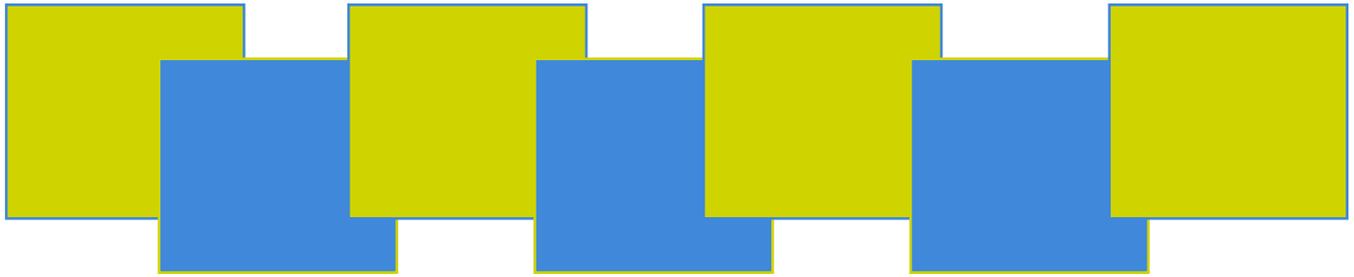
Stephanie Saunders is a partner with Saunders & Saunders, PC, and served as the 2015–16 VBOA chair and is the current NASBA Middle Atlantic Regional Director.

### **Laurie A. Warwick, CPA**

Term: July 1, 2016-June 30, 2020  
Ashburn, Virginia

Laurie Warwick is an executive director at Ernst & Young in the firm's McLean, Va., office, where she's worked since 2002. Before that, she was an audit manager at Arthur Andersen.





## **PARTNER ORGANIZATIONS**

The VBOA works closely with partner organizations to fulfill its mission. Through these partnerships, the VBOA remains knowledgeable in the area of education (as it relates to the CPA exam, licensure and continuing professional education); keeps informed of regulatory and legislative issues; participates in national organizations through committee representation and uses available resources to assist in protecting the public.

### **American Institute of Certified Public Accountants**

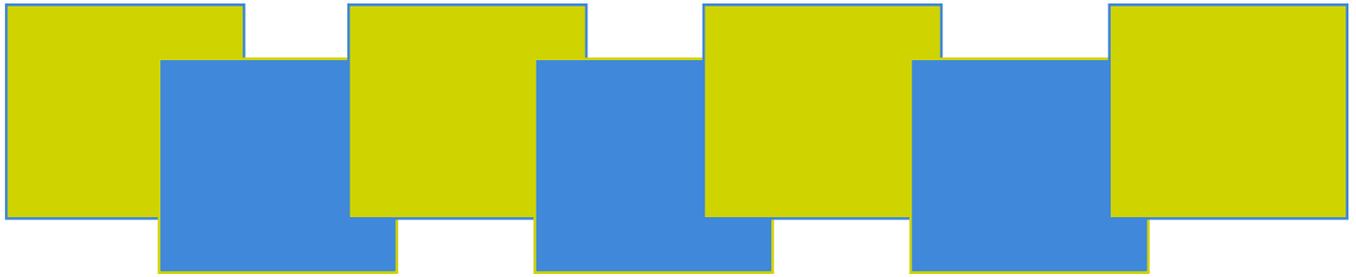
Founded in 1887, the AICPA is the world's largest association representing the accounting profession, with more than 412,000 members in 144 countries. The AICPA's mission is to provide members with the resources, information and leadership that enable them to provide valuable services in the highest professional manner to benefit the public, employers and clients. In fulfilling its mission, the AICPA works with state CPA organizations and gives priority to those areas where public reliance on CPA skills is most significant. The AICPA sets ethical standards for the profession and U.S. auditing standards for the audits of private companies, not-for-profit organizations and federal, state and local government. It also develops and grades the Uniform CPA Examination. To learn more, visit [www.aicpa.org](http://www.aicpa.org).

### **National Association of State Boards of Accountancy**

Founded in 1908, NASBA has served as an association dedicated to enhancing the effectiveness of the country's 56 boards of accountancy. As a driving force within the accounting profession, NASBA accomplishes its mission by creating a forum for accounting regulators and practitioners to address issues relevant to the viability of the accounting profession. The mission of NASBA is to enhance the effectiveness and advance the common interests of the Boards of Accountancy. NASBA strives to provide high quality, effective programs and services; identify, research and analyze major current and emerging issues affecting state boards of accountancy; strengthen and maintain communications with member boards to facilitate the exchange of ideas and opinions; and develop and foster relationships with organizations that impact the regulation of public accounting. To learn more, visit [www.nasba.org](http://www.nasba.org).

### **Virginia Society of Certified Public Accountants**

Founded in 1909, the VSCPA has a membership of more than 11,000 accounting professionals across Virginia. The VSCPA is the leading professional association dedicated to enhancing the success of Virginia CPAs and their profession by communicating information and vision, promoting professionalism and advocating members' interests. The VSCPA serves as the profession's voice at the state and national level, promoting the CPA credential while protecting the public. In addition to keeping members informed of regulatory and legislative issues, the VSCPA offers cost-effective continuing professional education, leadership development, volunteer opportunities and career resources. To learn more, visit [www.vscpa.com](http://www.vscpa.com).



## SIGNIFICANT ACCOMPLISHMENTS

During the last two years, the VBOA launched several initiatives on behalf of CPA licensees in Virginia. Listed below are some of the agency's significant accomplishments in fiscal years 2015 and 2016.

### VBOA launches videos to Virginians

In spring 2015, the VBOA furthered their communication efforts to the Virginia accounting community by introducing newly created videos. The engaging, informative videos are now available on the VBOA website and through the agency's social media channels Facebook, Twitter and YouTube.

Each video, about one to 2-minutes in length, focuses on a different topic relative to exam candidates, new licensees or consumers.



Completed videos thus far include an introduction to the VBOA's services, information about the Active – CPE Exempt status, renewing your CPA license, applying to take the CPA exam and CPA re-exam candidates. Future topics in development include CPE compliance, enforcement and much more.

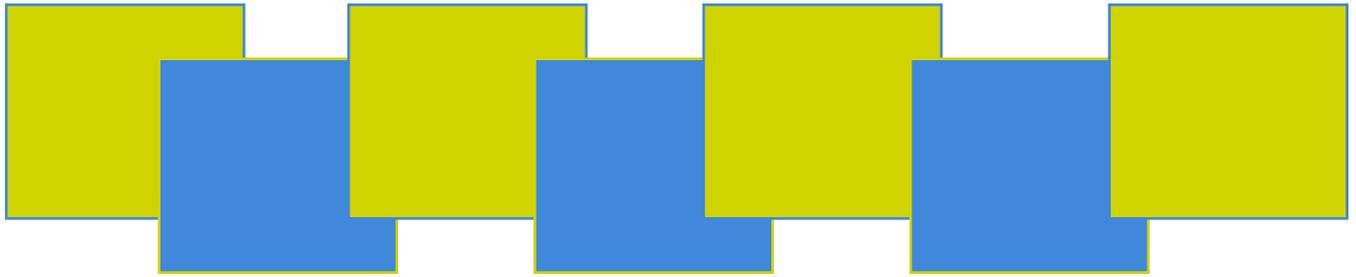
The VBOA wanted to strengthen their efforts and enhance what is already happening in the office, over the phone and on the website. This video series incorporates a different means of communicating to the audience with acknowledging people learn differently.

The white board animation technique is being used in creating each of these videos, which combines audio and visual cues that reduce the amount of time it takes to tell a story and activates more long-term memory. Some people would rather watch a video to retain the information. A white board animation video peaks a user's interest from the start, maintains the attention and strengthens the video to be more engaging.

The videos can be found on the VBOA home page at [www.boa.virginia.gov](http://www.boa.virginia.gov) as well as posted on the VBOA YouTube channel and shared through the agency's Facebook and Twitter accounts.

### Outreach to Virginia colleges and universities

In the fall of 2015, the VBOA advanced outreach efforts to colleges and universities throughout the Commonwealth. The VBOA staff wants to focus on future Virginia CPAs by reaching out directly and attending college fairs specifically targeted to accounting students. This is a way to increase exam candidates' knowledge of the CPA exam and what services the VBOA provides to candidates. These events also aid in establishing strong relationships between the VBOA and with the university accounting programs.



## SIGNIFICANT ACCOMPLISHMENTS, continued

VBOA staff members have attended events at Radford University, James Madison University, Christopher Newport University and Virginia Commonwealth University thus far.

The VBOA hands out materials detailing services and answers questions from students regarding sitting for the CPA exam and about the testing process.

A goal moving forward for the VBOA is to attend events catered to accounting students on a regular basis. The VBOA wants to get in front of the next generation of CPAs to answer questions about how they need to work with the VBOA before they sit for the CPA exam and then again when they become a licensed CPA in Virginia.



### Increased presence on social media

Since 2015, the VBOA has increased their presence on social media as another way to reach and communicate with the accounting community across the Commonwealth. The VBOA now uses their Twitter and Facebook channels to communicate updates and news on a daily and weekly basis.



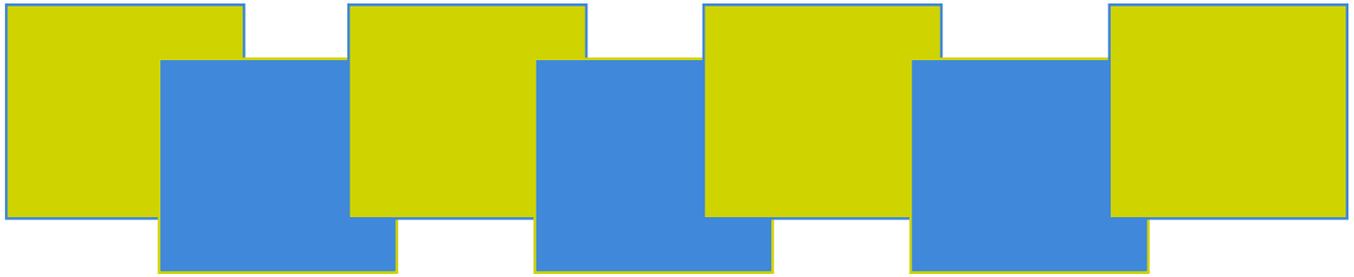
The channels are also used to share updates from NASBA, the VSCPA and the AICPA to keep the Virginia community up-to-date.

The higher frequency of postings has increased the number of followers to both Twitter and Facebook. From 2015, the number of followers has increased considerably on both sites. The VBOA has also added the social media icons on their agency website footer so it can be accessible on every page as well as posted in each of the newsletters.

In the spring of 2015, the VBOA added a third social media site, a YouTube channel, to house our newly produced videos. Currently there are five videos on the channel and more will be added as they are completed. The VBOA also posts the videos on our website to encourage users to visit the channel and increase the views on each video.

### VBOA newsletter: Accrued Interest

The VBOA has continued to create and produce the biannual newsletter, Accrued Interest, filled with articles, updates and news relevant to the Virginia CPA and exam candidate community.

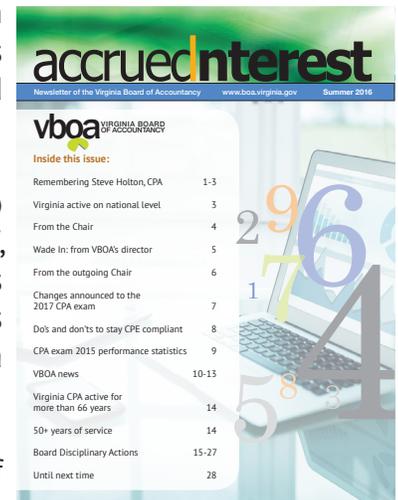


## SIGNIFICANT ACCOMPLISHMENTS, continued

Each January and July, the newsletter is emailed out to our licensee and exam candidate community, as well as accounting educators in Virginia colleges and universities. Past newsletters can be found on the VBOA website and shared through the agency social media channels.

Some of the biggest news happenings that were reported over the last two years included changes to the Uniform CPA Examination coming in 2017, Virginia-Specific Ethics Course updates, maintaining CPE compliance as well as listings of Board Disciplinary Actions. Each issue also includes easily accessible links to Virginia statutes, agency websites and a comprehensive listing of all newly licensed Virginia CPAs.

Accrued Interest continues to be one of the VBOA's main sources of communications to our licensee and exam candidate community.



### Virginia-Specific Ethics Course updates

Since 2015, the VBOA has contracted with the Virginia Society of CPAs (VSCPA) as the only provider of content/material for the mandatory two-hour Virginia-Specific Ethics Course. The VBOA requires that all licensees providing services to the public or to an employer complete this ethics course on an annual basis.

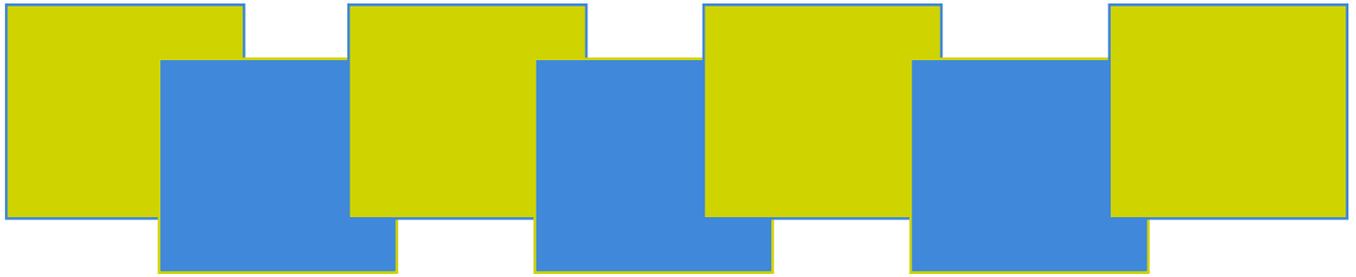
Approved sponsors are still able to teach the annual ethics course, however they must receive the content/material from the VSCPA. The course must be instructor-led but may be presented in a variety of different formats including, but not limited to, live seminars, conference sessions, online self-study presented by an instructor, live webcast and webcast replays, on-demand webcast and in-house training.

All instructors must hold an active, in good standing, Virginia CPA license and be approved by the VBOA. The VBOA will not accept any Virginia-Specific Ethics Courses completed from a non-approved sponsor and the licensee will be penalized for not completing the approved course.

All approved sponsors and instructors are listed on the VBOA website at [www.boa.virginia.gov/CPALicense/Sponsors.shtml](http://www.boa.virginia.gov/CPALicense/Sponsors.shtml).

### VBOA to procure and implement a new licensing and management system

In the fall of 2015, the VBOA contracted with a firm to assist with the development of a request for proposal (RFP) to procure and implement a new licensing and management solution for Virginia CPA exam candidates, licensees and the public.



## **SIGNIFICANT ACCOMPLISHMENTS, continued**

Once procured and created, the new system will replace the VBOA's existing system, which was installed in February 2009, with a single, integrated solution, as well as automate and streamline existing internal processes. The VBOA will provide a user-friendly experience that encourages customer self-service and will establish more robust communication capabilities, such as text messaging for reminders and other communications, internal training options, and mobile-friendly applications to name just a few.

The new system will also allow the VBOA more reporting capabilities to include static reports, user customized reports and the ability to run user defined queries.

The RFP was available to potential companies in the spring of 2016, with the awarding of a contract to take place in fall 2016. Shortly after awarding the contract, the creation of the new VBOA licensing and management system will begin.

### **CVC donations**

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In 2015 and 2016, the VBOA donated to the CVC in a variety of ways. It was important to give back to school-aged children through a backpack program at St. Joseph's Villa. The VBOA donated backpacks and school supplies there the last two years.

The supplies will go towards helping more than 3,000 children and families at St. Joseph's Villa, who creates brighter futures for children of all socioeconomic backgrounds faced with developmental disabilities, diverse learning styles, mental health issues, homelessness and other challenges.

Also, the VBOA has adopted "angels" the last two years during the holidays through the Salvation Army Angel Tree program. We have adopted children and elderly members of the community and donated essential items and gifts they have requested for the holidays.

All donations and purchases have gone toward the VBOA's CVC yearly donations. The VBOA will continue to give back to the campaign throughout the year through efforts such as St. Joseph's Villa and the Angel Tree.



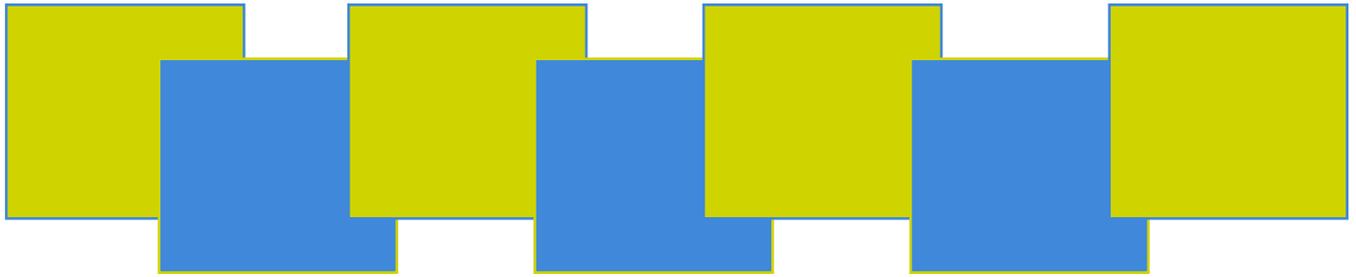
**Commonwealth of Virginia Campaign**



### **Online customer service satisfaction survey**

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The VBOA continues to survey a population of our licensees annually to measure the agency customer service. Each summer we conduct an online satisfaction survey.



## **SIGNIFICANT ACCOMPLISHMENTS, continued**

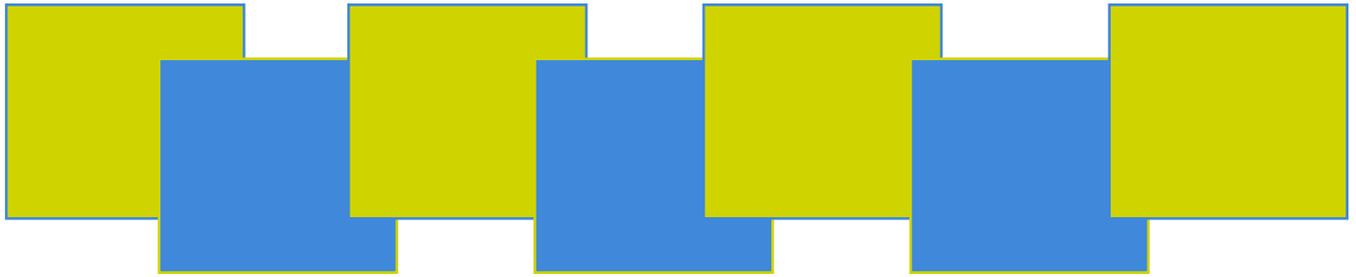
In 2015, we decided to break up our licensee population and only survey a certain pool based on their date of licensure each year. This ensures the same licensees do not receive the same survey each year.

In 2015, we surveyed licensees from July 1, 2014, to June 30, 2015, and then those who received their license between July 1, 1999, and June 30, 2012. The survey was sent to more than 14,600 licensees with 853 responses. The responses received gave the VBOA a 95% overall satisfied rating.

In 2016, we surveyed our newest licensees from July 1, 2015, to June 30, 2016, and then those who received their license between July 1, 1950, and June 30, 1970. We sent out the online survey to more than 1,500 Virginia CPAs and received 65 responses. The responses garnered a 97% overall satisfied rating.

The annual online survey confirms VBOA's commitment to provide the best customer service to the accounting community in Virginia. Since 2013, the VBOA has earned a 95% or higher rating of satisfied customer service to our licensees.





## AUDIT REPORT SUMMARIES

The VBOA is required to prepare annual financial statements in accordance with generally accepted accounting principles and shall be audited annually by the Auditor of Public Accounts, or legally authorized representatives, or by a firm selected by the VBOA through a competitive procurement, in accordance with [§ 54.1-4420](#) of the Code of Virginia.

The following summaries are presented for the audit reports issued during this reporting period.

### **FY14 – FY15 Financial statements**

The APA Audit Reports on the VBOA's financial statements, dated April 22, 2015, and June 7, 2016, respectfully, state, "In our opinion, the financial statements...present fairly, in all material respects, the financial position of the governmental activities and each major fund of the VBOA as of June 30, 2014, and 2015, respectfully, and the respective changes in financial position and the respective budgetary comparison for the operating fund thereof for the years ended in accordance with accounting principles generally accepted in the United States of America."

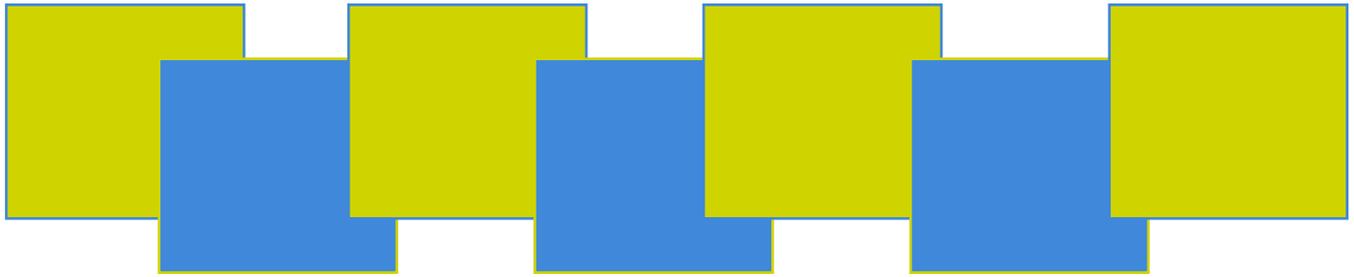
### **FY14 – FY15 Internal control over financial reporting and on compliance and other matters**

The APA Audit Reports on the internal control over financial reporting and on compliance and other matters, dated April 22, 2015, and June 7, 2016, respectfully, did not identify any deficiencies in internal control over financial reporting that were considered to be material weaknesses and disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **FY14 – FY15 Commonwealth of Virginia Information Security Report**

This report is prepared by the chief information officer (CIO) of the Commonwealth to the Governor and the General Assembly. As directed by [§ 2.2-2009 \(B.1\)](#) of the Code of Virginia, the CIO is required to identify annually those agencies that have not implemented acceptable policies, procedures and standards to control unauthorized uses, intrusions or other security threats. The Commonwealth's current risk posture is calculated based on results against target metrics. This report listed the Board of Accountancy's overall information security program in compliance for 2014 and 2015.





## FINANCIAL SUMMARY

The VBOA fulfills its mission through numerous programs and functions, to include financial management and accountability, CPA examination, CPA licensure, CPE and consumer protection (enforcement).

The VBOA is an independent, non-general fund agency whose revenues are wholly dependent upon the fees established for CPA exam candidates, applicants and licensees. Ensuring the fiscal integrity of the VBOA's operations is an essential protection function.

The VBOA has a responsibility to ensure that the fee structure generates sufficient revenues

to cover the VBOA's ongoing operating expenses, to sustain growth and to ensure that the VBOA's Trust Account balance is sufficient to protect its purpose.

The Operating Fund is the primary operating fund for the VBOA. It is the policy of the VBOA to maintain funds equal to three months of its operating budget in the Operating Fund. Funds exceeding this amount are transferred to the Trust Account on at least a quarterly basis.

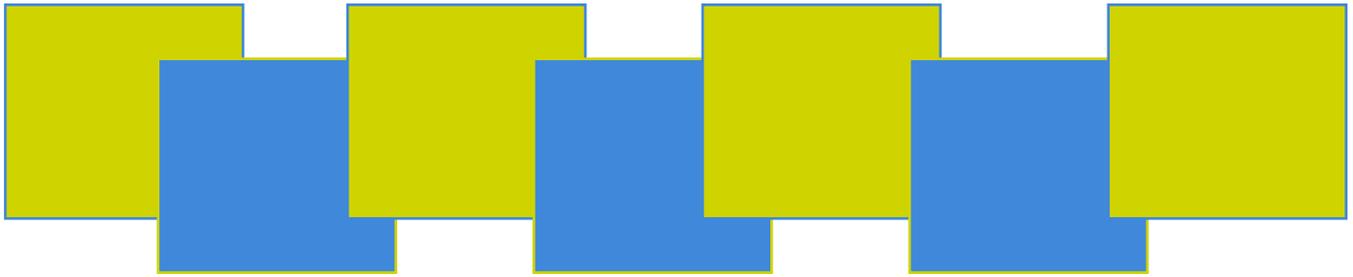
During FY15 and FY16, the VBOA transferred \$845,570 and \$717,393 from the Operating Fund into the Trust Account.

The purpose of the Trust Account is to provide a supplemental source of funds to the VBOA on a timely basis for:

- Its use in the study, research, investigation or adjudication of matters involving possible violations of the provisions of this chapter or regulations promulgated by the VBOA.
- Any other purpose that the VBOA determines is germane to its statutory purposes and cannot otherwise be funded through the operating fund.

<b>Virginia Board of Accountancy Financial Summary</b>		
	<b>FY ended June 30, 2015</b>	<b>FY ended June 30, 2016</b>
Revenues:	\$2,263,518	\$2,398,007
Expenditures:	(\$1,424,978)	(\$1,642,512)
Cash transfers out: *	(\$6,828)	(\$4,810)
(Deficit)/Surplus:	<u>\$831,712</u>	<u>\$750,685</u>
Appropriation:	<u>\$1,648,449</u>	<u>\$1,748,465</u>
Cash Balances:		
Operating Fund:	\$490,159	\$507,753
Trust Account:	\$2,074,809	\$2,807,901
Total cash available:	<u><b>\$2,564,969</b></u>	<u><b>\$3,315,654</b></u>

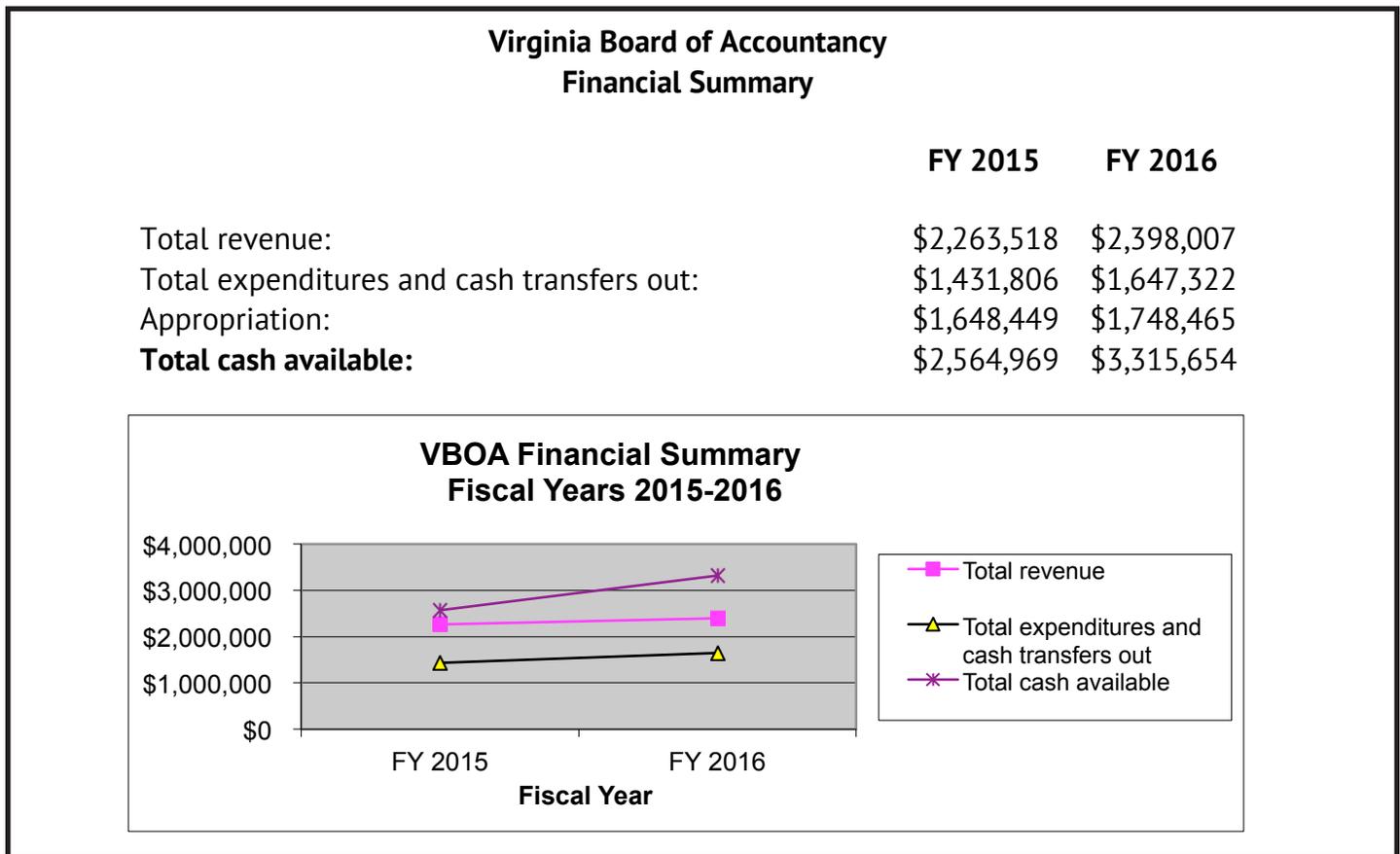
\* Transfers required by the respective Appropriations Act for savings incurred by non-general fund agencies, expenses incurred by general fund agencies on behalf of non-general fund agencies and state budget shortfall contributions.



## FINANCIAL SUMMARY, continued

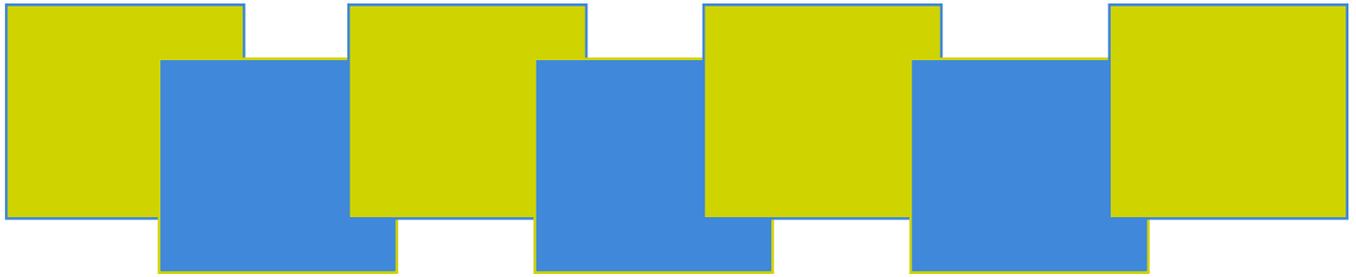
The need for the Trust Account fund has been amply demonstrated by the dramatic collapse of prominent publicly-held companies in the early 2000s, recent high-profile investment frauds, and the most recent economic recession, all of which testify to the importance of high ethical and professional standards and accountancy boards' vigilance in protecting the public.

The VBOA annually evaluates the balance in the Trust Account to determine if a fee adjustment is necessary.



Recognizing that additional revenues would be necessary to cover operating expenses, the VBOA initiated a regulatory change to increase fees in January 2008. The final phase of this fee package was approved in September 2012 and became effective on January 1, 2013. The VBOA anticipates that this fee increase will sustain its operational needs for at least the next six years.

The VBOA is anticipating significant expenditures in fiscal year 2017 relating to the purchase of a new licensing database system.



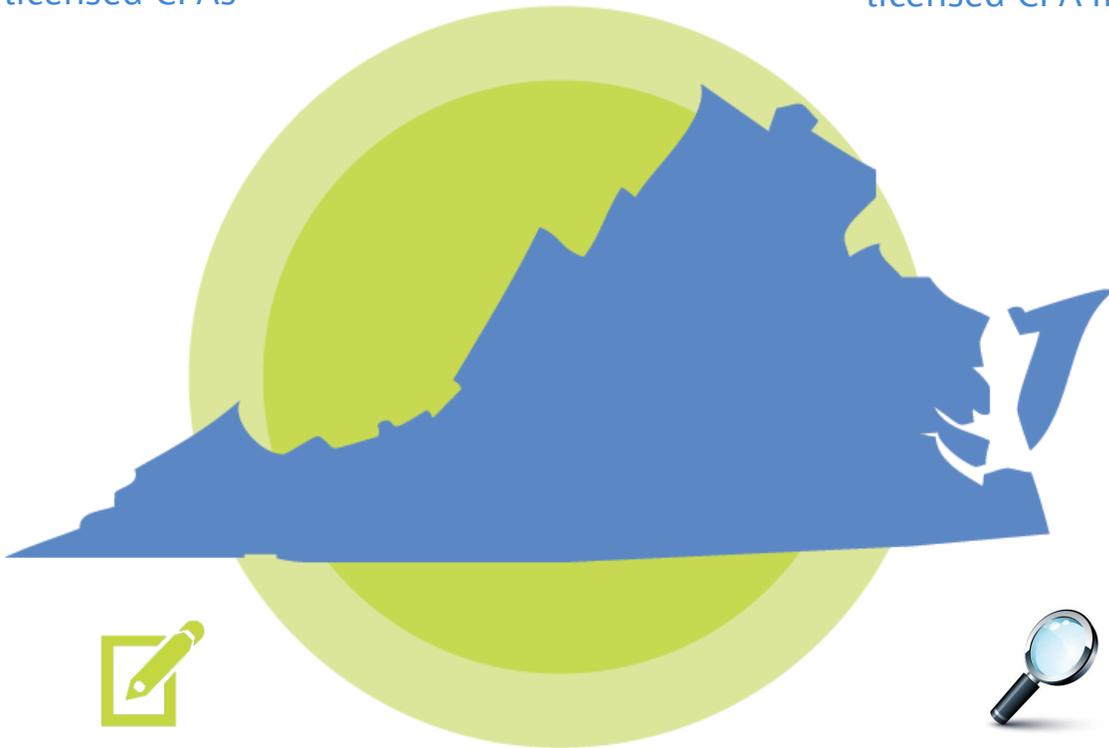
## SUMMARY STATISTICS



**27,322**  
licensed CPAs



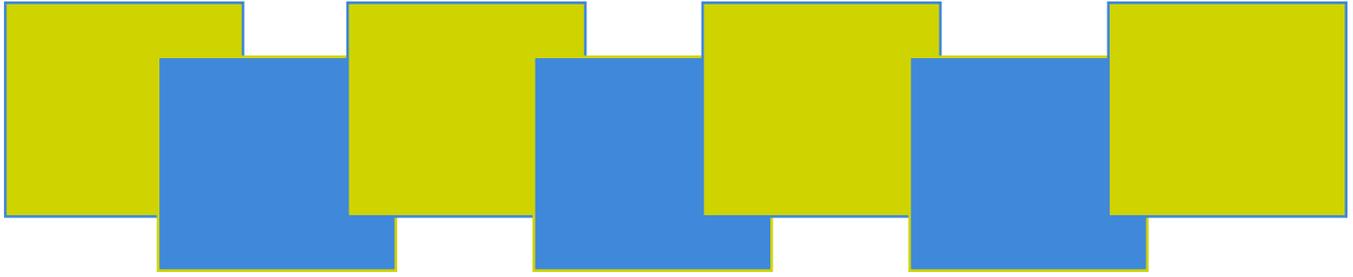
**1,157**  
licensed CPA firms



**2,136**  
first-time exam  
candidates in FY16



**1,578**  
CPE audits  
selected in FY16



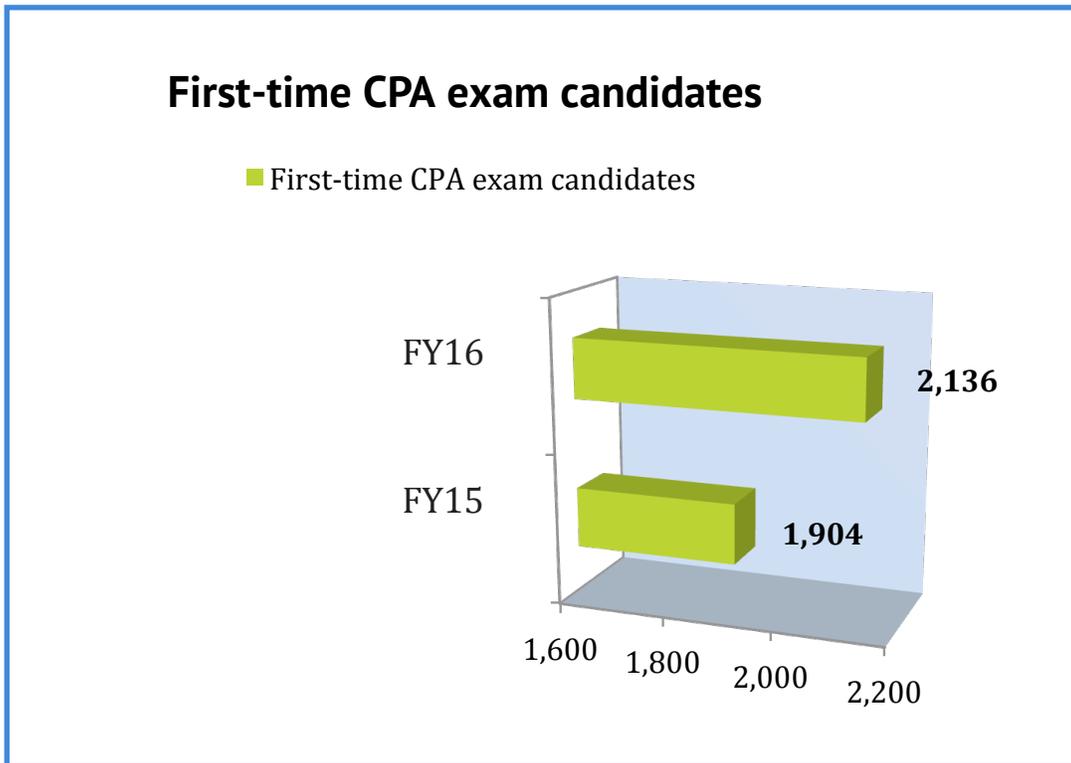
## CPA EXAMINATION

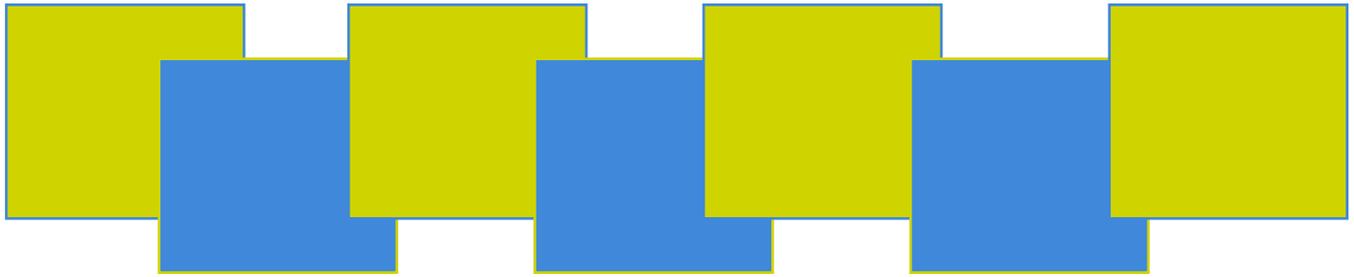


Individuals must fulfill the following requirements in order to be eligible to sit for the Virginia CPA exam:

- Obtain at least 120 semester hours of education from one or more accredited institutions
- Baccalaureate or higher degree
- Accounting concentration or equivalent

The chart depicts the number of first time applicants who took the CPA exam in the past two fiscal years. The VBOA experienced a 12.2% increase in applications from fiscal year 2015 to fiscal year 2016.





## CPA LICENSURE

In order to become a licensed CPA in Virginia, a candidate must first meet the “3 E’s”:

- Education
- Exam
- Experience

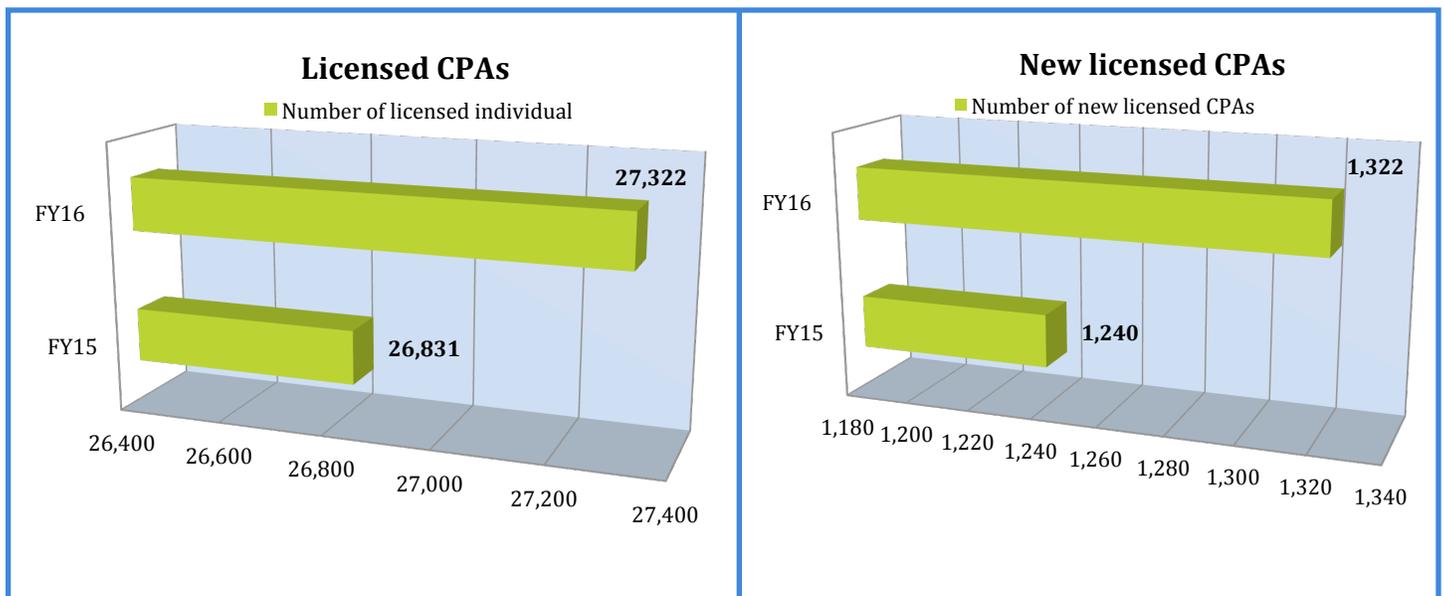


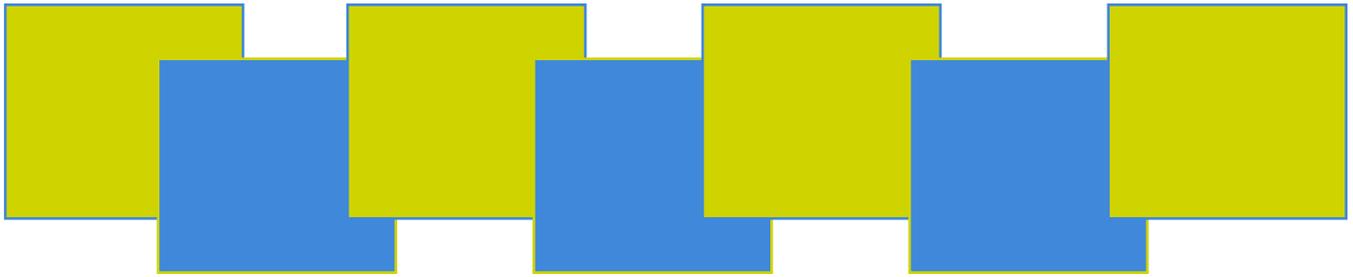
CPA licensure in Virginia requires at least 150 semester hours of education, a baccalaureate or higher degree, and an accounting concentration or equivalent.

Once a candidate has met the education and experience requirements, and has passed the CPA exam, he or she may apply for licensure in Virginia.

The following charts demonstrate the total number of actively licensed CPAs in Virginia the past two fiscal years, as well as the number of new CPA licenses issued in the past two fiscal years.

From FY15 to FY16, the total number of licensed CPAs has increased 1.8% and the number of newly licensed CPAs increased 6.6%.





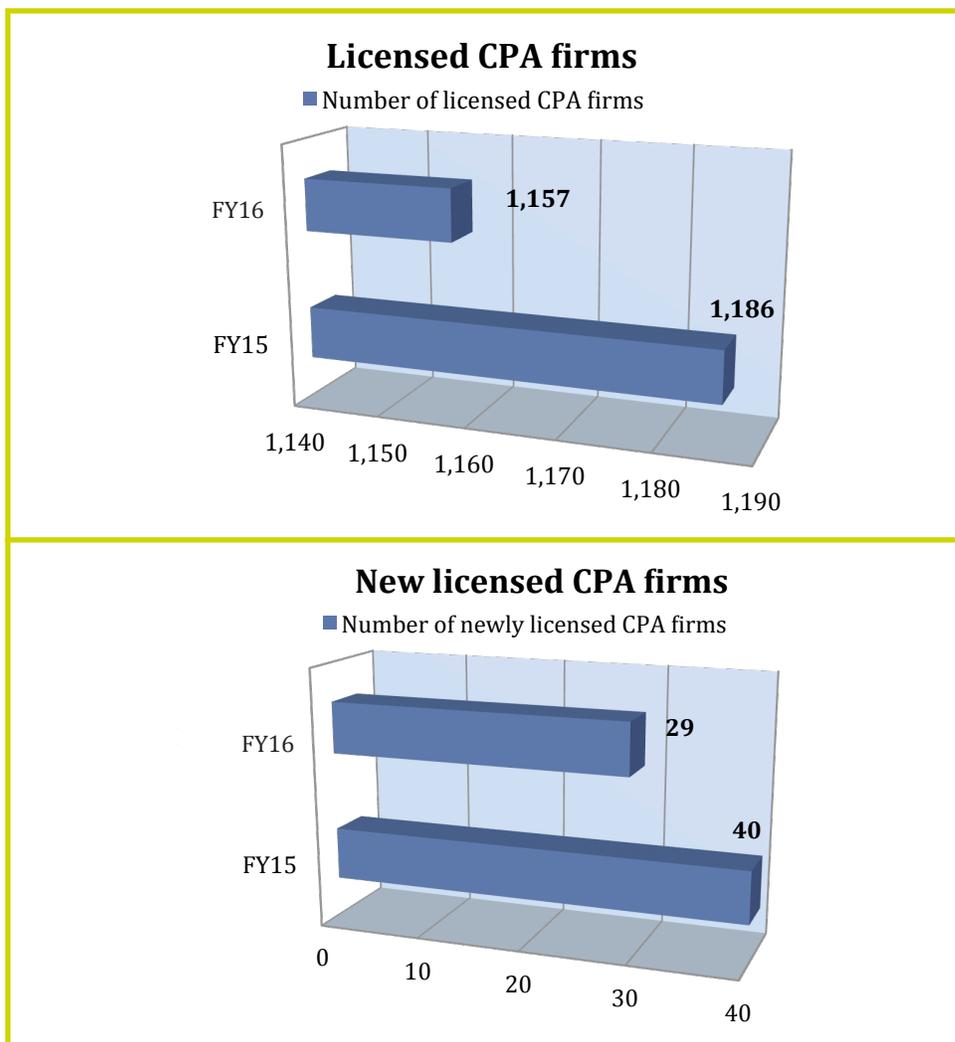
## CPA FIRM LICENSURE

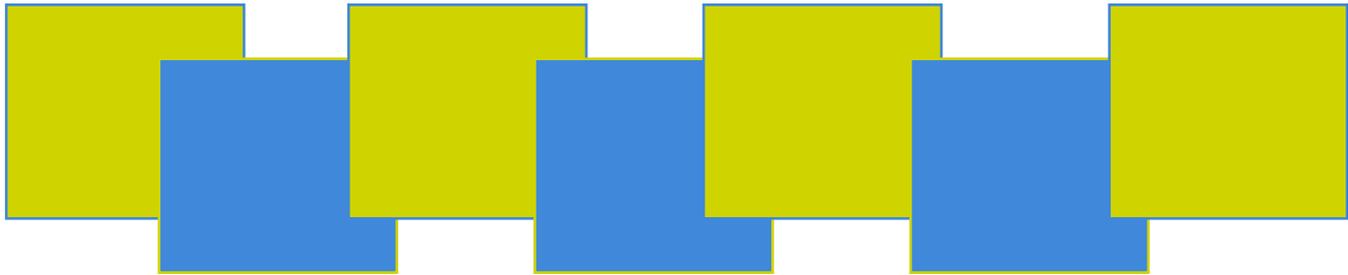


In accordance with subsection A of [§ 54.1-4412.1](#) of the Code of Virginia, any firm providing attest services or compilation services or financial statement preparation services to persons or entities located in Virginia must hold a Virginia firm CPA license.

The following charts demonstrate the total number of active licensed CPA firms in Virginia for the past two fiscal years, as well as the number of new CPA firm licenses issued for the past two fiscal years.

From FY15 to FY16, the total number of licensed CPA firms has decreased 2.4% and the number of newly licensed CPA firms decreased 27.5%.





## CONTINUING PROFESSIONAL EDUCATION (CPE)

In accordance with [§ 54.1-4409.2](#) of the Code of Virginia and Board Regulation [18VAC5-22-90](#), an individual who applies for an initial license, holds a Virginia individual CPA license, or applies to have their license reinstated is required to obtain CPE.

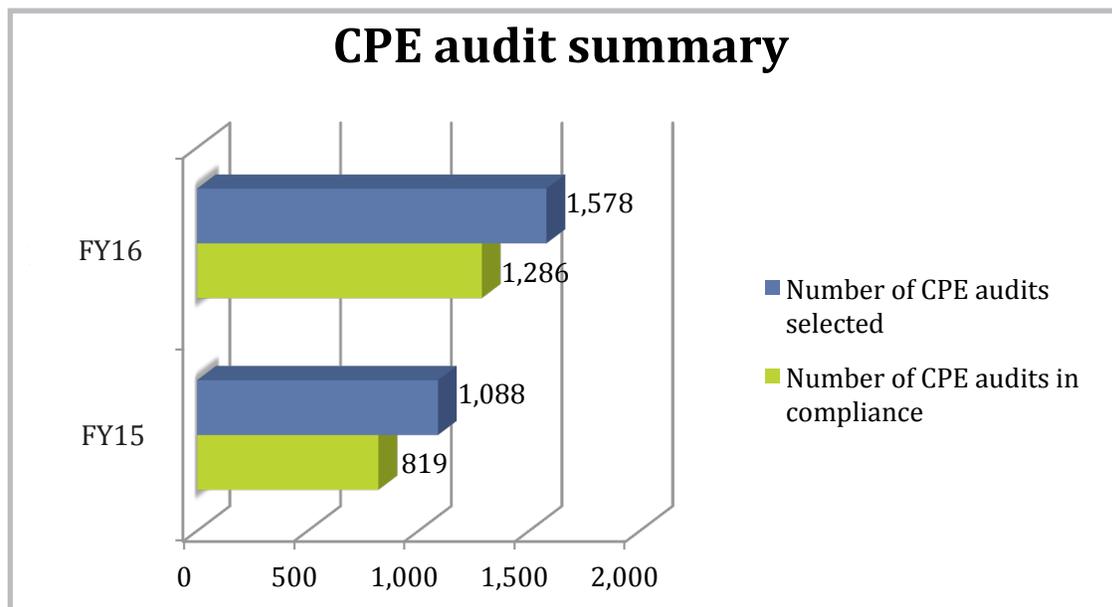


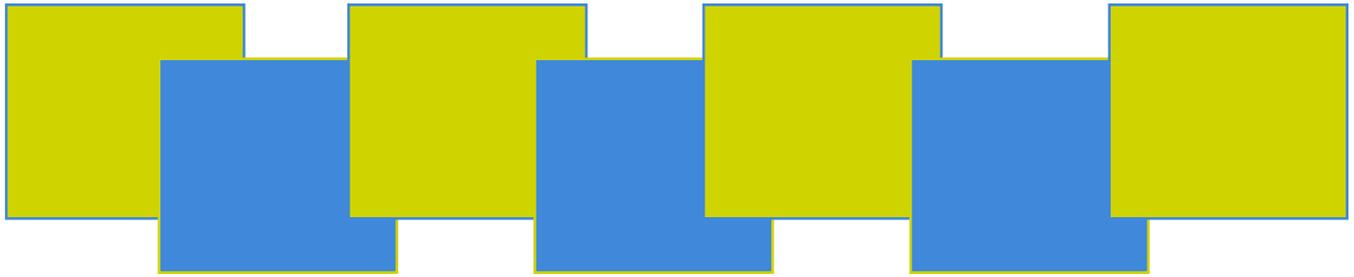
On a monthly basis the VBOA randomly selects a percentage of the licensee population in Virginia for a CPE audit. The VBOA notifies licensees and if selected, licensees will be required to visit the NASBA-sponsored VBOA CPE Tracking System to complete the CPE audit process. Licensees should not submit CPE documentation during the annual renewal process unless specifically asked to by the VBOA. However, CPE documentation must be retained for the three calendar years preceding the current calendar year.

In addition to the random audit selection process, licensed CPAs will be selected for a CPE compliance review as a component of any open investigation (enforcement case), or in situations where the VBOA believes that a CPE compliance review is warranted.

As the result of a CPE audit, the VBOA may find that a licensee has violated the CPE requirements during the reporting period. In such cases enforcement action will be taken and the licensee will generally be offered a consent agreement and be subject to disciplinary action.

The following chart displays the number of CPE audits selected over the past two fiscal years and the number of audits in compliance.





# ENFORCEMENT

## Authority

The VBOA's statutory authority is in Chapter 44 of Title § 54.1 of the Code of Virginia (§ 54.1-4400 et seq). Pursuant to [§ 54.1- 4402 \(G\)](#) of the Code of Virginia, "the Board shall take such actions as may be authorized by this chapter to ensure that persons using the CPA title in Virginia and firms providing attest services or compilation services to persons or entities located in Virginia adhere to the standards of conduct and practice in § 54.1-4413.3 and regulations promulgated by the Board."

Specific powers and duties of the VBOA related to the initiation and receipt of complaints can be found in [§ 54.1-4403](#) of the Code of Virginia.

The VBOA will investigate complaints against Virginia licensees, expired licensees or non-licensees using the CPA title or performing services in Virginia restricted to CPAs or CPA firms. The VBOA does not have any authority over non-CPA accountants or bookkeepers, unless they are using the CPA title or are performing services in Virginia restricted to CPAs or CPA firms.

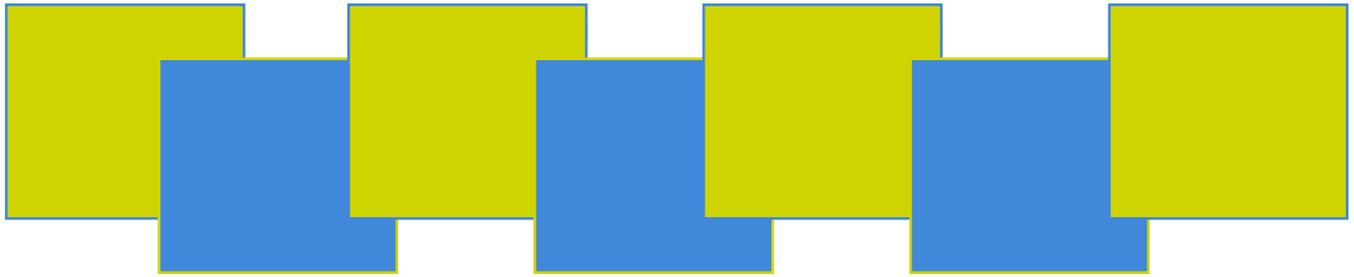
In addition to the general statutory mandates, the disciplinary process is governed by the Virginia Administrative Process Act, Section [2.2-4000](#) et seq. of the Code of Virginia and includes the following primary goals:

- To investigate complaints against licensees and unlicensed individuals or entities that are within the jurisdiction of the VBOA
- To coordinate investigations of matters with other agencies that involve significant loss or harm to Virginia citizens
- To increase adherence to licensing requirements and professional standards by licensed CPAs and licensed public accounting firms
- To resolve VBOA enforcement matters and adjudicate complaint cases in a timely manner
- To maintain the confidentiality of information obtained during investigations
- To monitor licensees disciplined by the VBOA
- To publicize disciplinary actions necessary to protect the public

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## Common complaints

Generally, the VBOA investigates between 80 and 150 complaints per year. Complaints may originate from the public, another CPA, a current or former client, a state or federal agency and/or other sources. The VBOA itself may initiate a complaint.



## ENFORCEMENT, continued

Some common complaints investigated include:

- CPA title use by expired licensees, non-CPA accountants, bookkeepers or firms (unlicensed activity)
- Tax errors or failure to complete services
- Failure to return client records or respond to clients
- Embezzlement, fraud and/or theft
- Disclosure of confidential information
- Misrepresentations
- Lack of independence
- Audit failure
- Insider trading
- Failure to maintain competency
- IRS, SEC, SCC, DOE, AICPA or VSCPA sanctions
- Felonies
- Failure to provide due professional care
- Ethics violations
- Violations of the respective Virginia statutes and/or regulations
- Failure to comply with technical standards

Some common complaints **not** investigated by the VBOA include:

- Fee disputes
- Authority over non-CPA accountants or bookkeepers
- Disagreements, minor errors or mistakes

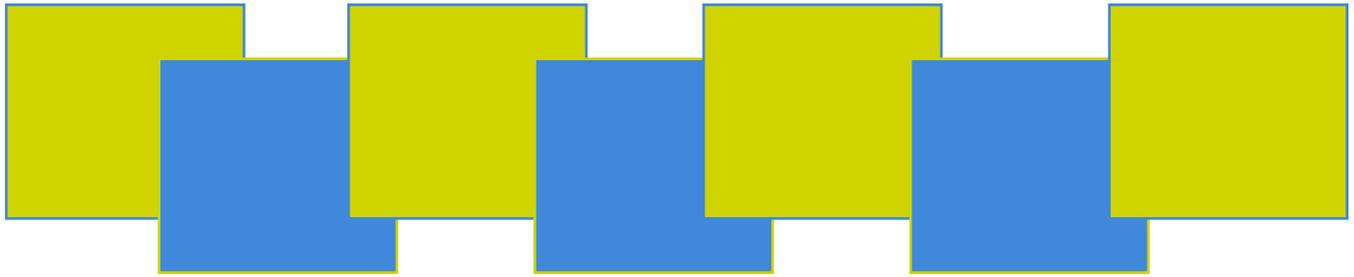
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## Procedures

Once a complaint is received by the VBOA office, it is reviewed by the Enforcement Director. If probable cause exists to initiate an investigation, the complaint is assigned a case number and the investigation process begins.

If sanctions are deemed appropriate, a potential resolution of the complaint is proposed in writing to the CPA or unlicensed individual in the form of a Consent Order. If the individual signs the Order agreeing fully to the terms and conditions, the Order is then brought before the full Board for approval. The Board may accept or reject the Order in whole or in part. If the individual chooses not to sign the Order, he or she may elect to be heard in an administrative Informal Fact-Finding (IFF) Conference before the Enforcement Committee. The Enforcement Committee will review the merits of the case and present a Presiding Officer's recommendations to the Board for consideration. The Board may accept or reject the recommendations in whole or in part. The CPA or unlicensed individual has 30 days to appeal the Board's final case decision to the courts.

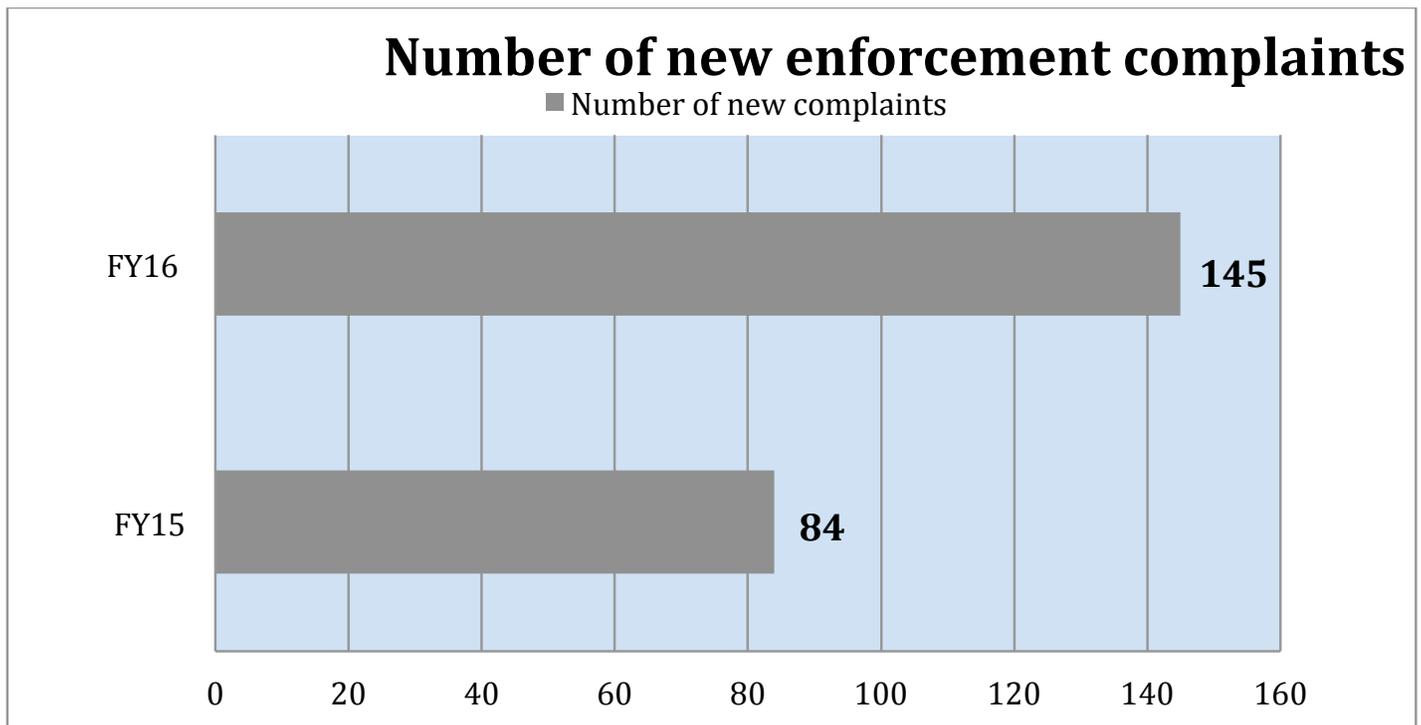
All open cases are confidential and are not made available to the public. However, closed cases are made available to the public upon a Freedom of Information Act request. The Enforcement Director is the designated FOIA officer for the VBOA.

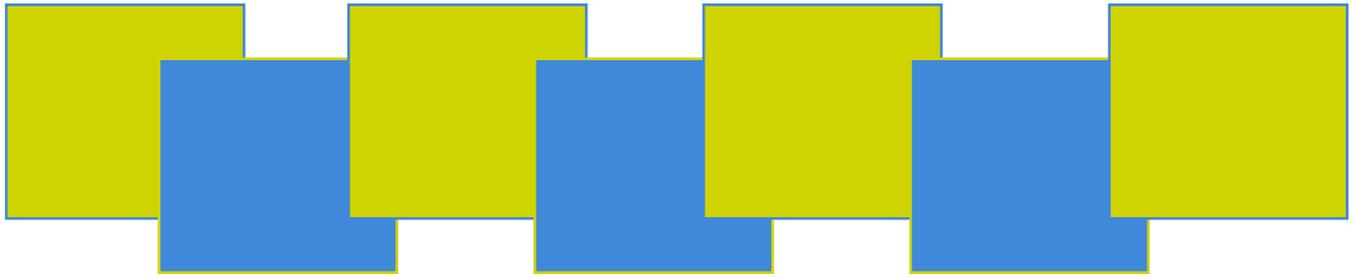


## ENFORCEMENT STATISTICS

In carrying out its mission, the VBOA is responsible for investigating complaints against CPAs, CPA firms and unlicensed activities.

The following chart represents the total number of new complaints during fiscal year 2015 and fiscal year 2016. The increase in total number of new complaints is attributable to several factors, including new enforcement tools used to detect unlicensed activity and strengthened partnerships with state and federal agencies.



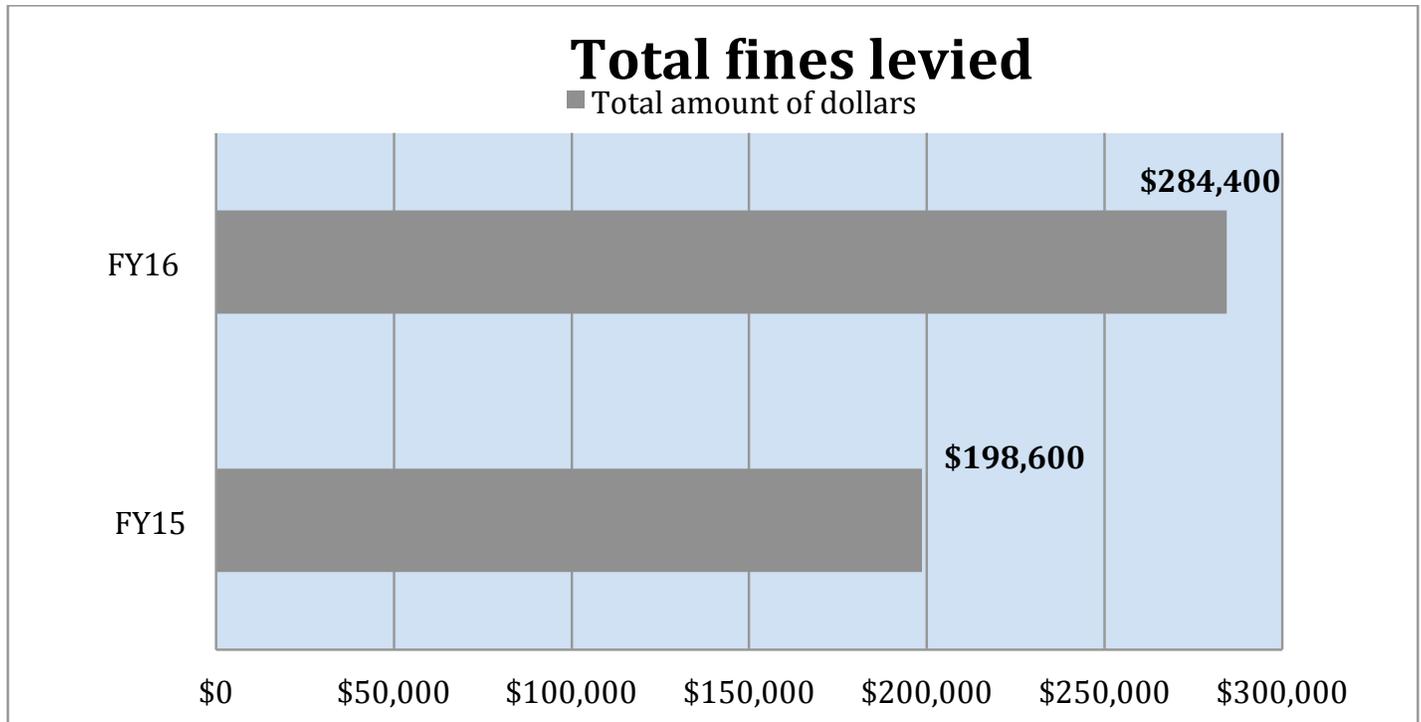


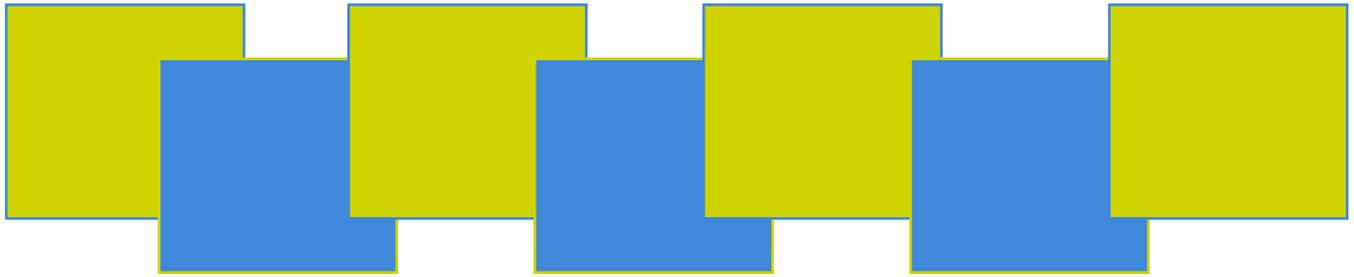
## PENALTIES AND FINES

Virginia licensees, expired licensees or non-licensees using the CPA title or performing services in Virginia restricted to CPAs in violation of the respective Virginia statute and/or regulations are subject to penalties by the Board. Penalties may include but are not limited to reprimand, probation, fine, cost-recovery, additional or specific CPE, practice monitoring and license or service suspension or revocation. All monetary penalties collected by the VBOA are deposited into the state literary fund and such funds are not available to the VBOA as operating funds.

In accordance with the provisions of [§ 54.1-4413.4](#) of the Code of Virginia, the VBOA may impose a monetary penalty up to \$100,000 for each violation of the provisions of Chapter 44 of Title 54.1 or regulations promulgated by the Board.

The following chart displays the total dollar amount of fines levied from fiscal year 2015 through fiscal year 2016.

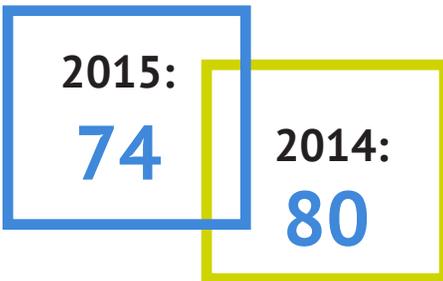




## CLOSED INVESTIGATIONS

A summary of closed enforcement cases from calendar years 2014-15 by source of complaint, allegation/issue and resolution follows.

### NUMBER OF CLOSED CASES

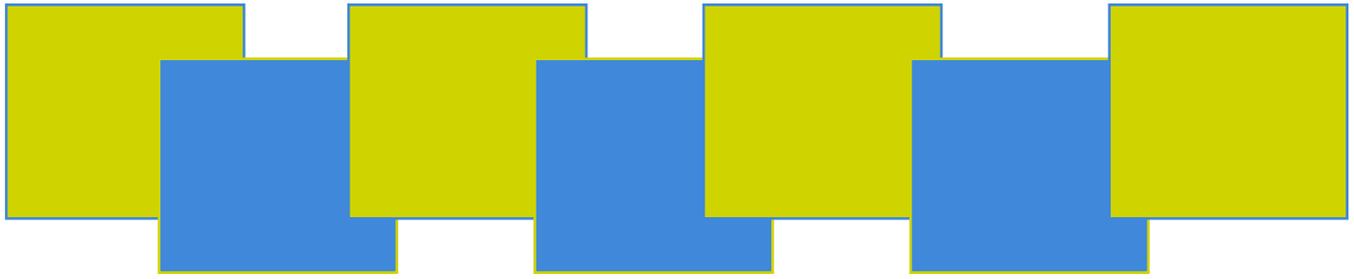


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### Source of complaints

The following table displays the source of complaints received and the number of cases investigated and closed from 2014-15.

	<b>VBOA internal</b>	<b>Public</b> (named or anonymous)	<b>Interagency</b> (federal, state, local or international agency/jurisdiction, non-governmental professional organization)
<b>2014</b>	45	31	4
<b>2015</b>	40	19	15



## CLOSED INVESTIGATIONS, continued

### Allegations and issues

The following table displays the allegations and issues received for the number of cases closed from 2014-15.

	Unlicensed activity	Discreditable act*	CPE deficiency	Eligibility	Peer Review	Other**	Totals:
2014	15 cases	30 cases	7 cases	14 cases	14 cases	n/a	80 cases
2015	20 cases	19 cases	13 cases	9 cases	11 cases	2 cases	74 cases

\*Examples include lack of due professional care, tax-related matters, refusing to return client-provided records, and other discreditable acts.

\*\*Examples include notices received pursuant to 28 USC § 1715.

### Case resolutions

The following table displays the case resolutions from 2014-15 closed cases.

	Closed by Board Order or Consent Order*					Closed by other means			Totals:
	Revocation	Suspension	Monetary penalty	Reprimand	Other**	No violation found	Withdrawal of complaint	Other***	
2014	2 cases	4 cases	16 cases	2 cases	9 cases	16 cases	3 cases	28 cases	80 cases
2015	2 cases	3 cases	7 cases	2 cases	7 cases	23 cases	3 cases	27 cases	74 cases

\*Many Board Orders and Consent Orders contain multiple penalties. In cases with more than one penalty, the resolution is classified by the most severe penalty. Penalties listed above range from most severe to least severe.

\*\*Examples include additional CPE, written/oral essay, appearance before the Board and reinstatements.

\*\*\*Examples include voluntary surrender of a license, exam eligibility approved by the Enforcement Committee and those judged outside the Board's jurisdiction.



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