



VIRGINIA BOARD  
OF ACCOUNTANCY





























## Biennial Report FY 2019-2020



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



# TABLE OF CONTENTS

- 

 Message from the Executive Director .....1
- 

 About the VBOA.....2
  - Mission and values.....2
- 

 VBOA staff.....3
  - Contact the VBOA.....3
- 

 Board members.....4-5
- 

 Partner organizations.....6
- 

 Significant accomplishments.....7-13
- 

 Audit report summaries.....14
- 

 Financial summary.....15-16
- 

 VBOA statistics.....17
- 

 CPA licensure.....18
- 

 CPA firm licensure.....19
- 

 CPA examination.....20
- 

 Continuing professional education (CPE).....21
- 

 Enforcement.....22-27
  - Common complaints.....22-23
  - Enforcement process.....24
  - Penalties.....25
  - Closed investigations.....26-27



## MESSAGE FROM THE EXECUTIVE DIRECTOR

The Virginia Board of Accountancy (VBOA) is pleased to present the biennial report. The core mission of the VBOA is to protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of CPAs and CPA firms. The work of the Board members and the staff to achieve this mission can often be challenging and at times complex.

VBOA has a board of seven dedicated individuals appointed by the Governor. The Board has six actively licensed CPAs and one public member. They meet regularly and actively participate in enforcement activities to ensure VBOA is fulfilling its mission. In addition to the Board, there are 14 dedicated staff members supporting our Board members, exam candidates, license applicants, the public, and our almost 30,000 Active CPAs.

VBOA is a non-general fund agency, relying on licensing, renewal and application fees, which are among some of the lowest in the nation. In August 2019, the Governor transferred the administrative authority of the VBOA to the Secretary of Finance to closely align the responsibilities of the two offices. VBOA had formerly been under the Secretary of Commerce and Trade.

Enforcement is an important component of protecting the public. The Board is charged with the responsibility to enforce the rules and procedures as defined by the Code of Virginia Title 54, Chapter 44. This is accomplished through the VBOA Enforcement team who are responsible for reviewing and investigating complaints against Virginia licensees, expired licensees or non-licensees using the CPA title or performing services in Virginia restricted to CPAs. They are also responsible for the random audits of continuing professional education requirements for Active CPAs.

VBOA actively collaborates with the other 54 state boards of accountancy and other key partners on a variety of issues that affect exam candidates, license applicants and licensed CPAs. Recent key topics include changes to the Uniform CPA Examination, actions in response to COVID-19, monitoring state regulations, and developing mobility across states for CPA license holders.



Nancy Glynn, CPA  
VBOA Executive Director

The staff and Board have accomplished many initiatives and responded to changes over the past two years. Recently, the most significant was the impact of COVID-19 on all our exam candidates and new license applications. We maintained full operations throughout the crisis so we could be here to assist licensees, exam candidates and the public. The Board continued to meet and adopted several accommodations during this period including extending exam credits and providing extensions for peer review.

VBOA recently launched their new website that has greatly improved our user experiences. We are also upgrading and moving our current licensing system to the cloud. These improvements should help users quickly find and complete the needed resources.

The VBOA Board and staff continue to work diligently to provide assurance to the citizens of the Commonwealth that the individuals and firms we entrust to practice in public accounting meet certain professional standards.



## ABOUT THE VBOA

The Virginia Board of Accountancy, established in 1910, regulates certified public accountants in Virginia through a program of examination, licensure for individuals and firms, consumer protection with 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 a non-general fund agency whose revenues are wholly dependent upon the fees established for CPA exam candidates, applicants, licensees and firms.

The VBOA may impose penalties on persons or firms using the CPA title in Virginia or firms providing attest services, compilation services, or financial statement preparation services to persons or entities located in Virginia, or on a person or firm who does not hold a Virginia license or does not meet the requirements to use the CPA title. The VBOA works in accordance with the Code of Virginia statutes and VBOA regulations. All penalties collected by the VBOA are deposited to the state literary fund. The 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 commitment to excellence is demonstrated through the VBOA'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

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## Contact the VBOA

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Phone: (804) 367-8505  
CPA examination services: (804) 367-1111  
Fax: (804) 527-4409

**Enforcement division**

Email: [enforcement@boa.virginia.gov](mailto:enforcement@boa.virginia.gov)  
Fax (enforcement/complaints): (804) 527-4207

**Continuing professional education (CPE)**

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## BOARD MEMBERS

The Board consists of seven members appointed by the Governor, including four members who hold Virginia licenses and have been engaged in providing services to the public for at least three years; one member who holds a Virginia license engaged in providing services to the public or to or on behalf of 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 non-CPA member. Each member is appointed to serve a four-year term and may not serve more than two consecutive terms.



**D. Brian Carson, CPA, CGMA**  
**Chair FY 2019-21**

Term: July 1, 2015-June 30, 2023  
Virginia Beach, Virginia

D. Brian Carson, CPA, CGMA, is the Chief Financial Officer for Gold Key/PHR Hotels & Resorts. Previously, he was a partner with Goodman and Company, now Dixon Hughes Goodman. As a CPA, he has more than 18 years of experience comprised of both public and private practice.

**Laurie A. Warwick, CPA**  
**Vice Chair FY 2019-21**

Term: July 1, 2016-June 30, 2024  
Ashburn, Virginia

Laurie A. Warwick, CPA, is an executive director at Ernst & Young in the firm's McLean, Va., office, where she's worked since 2002. She serves a broad base of industries, inclusive of private equity, healthcare, professional services and emerging companies. Previously, she was an audit manager at Arthur Andersen.



**Jay Bernas**  
**Public member**

Term: July 1, 2020-June 30, 2024  
Virginia Beach, Virginia

Jay Bernas has served as HRSD's Chief Financial Officer/Treasurer since 2015. In this role, he is responsible for all finance, budget, procurement, customer service and business intelligence services. He carefully manages a \$900 million fixed and variable rate debt portfolio.





## BOARD MEMBERS

### **W. Barclay Bradshaw, CPA**

Term: July 1, 2018-June 30, 2022  
Richmond, Virginia

W. Barclay Bradshaw, CPA, has 40 years of public accounting experience, with both national and local CPA firms. He currently serves as Principal with Harris, Hardy & Johnstone, P.C. Throughout his career, he's had major audit and tax responsibilities in real estate and not-for-profit client practices.



### **William R. Brown, CPA**

Term: July 1, 2017-June 30, 2021  
New Kent, Virginia

William R. "Bill" Brown, CPA, is the CEO of W.R. Brown & Co., which he established in 1981. He has 14 years of experience as an arbitrator, six years as a mediator and licensed as a CPA in Virginia and New York. Previously, he was the Managing Partner of Stewart, Benjamin & Brown, P.C.

### **Wendy Pace Lewis, CPA**

Term: July 1, 2020- June 30, 2024  
Hanover, Virginia

Wendy P. Lewis, CPA, is a Partner in KPMG's Audit Practice. She has more than 20 years of experience providing financial statement and audit of internal control services to both public and private companies. Lewis has participated in client filings with the SEC and has involved in mergers and acquisitions.



### **Nadia Rogers, CPA**

Term: July 1, 2019-June 30, 2023  
Blacksburg, Virginia

Nadia A. Rogers, CPA, is currently an Associate Professor of Practice at Virginia Tech. Before joining Virginia Tech, she was in public practice for approximately 14 years. Most recently, she was a Partner of Creedle, Jones & Alga, P.C. and previously a Senior Manager in KPMG LLP's Audit Practice.



## **PARTNER ORGANIZATIONS**

The VBOA works closely with partner organizations to fulfill its mission. Through these partnerships, the agency 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**

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Founded in 1887, the AICPA represents the CPA profession nationally regarding rule-making and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations. The AICPA develops standards for audits of private companies and other services by CPAs; provides educational guidance materials to its members; develops and grades the Uniform CPA Examination; and monitors and enforces compliance with the profession's technical and ethical standards. The mission of the AICPA is powering the success of global business, CPAs, CGMAs and specialty credentials by providing the most relevant knowledge, resources and advocacy, and protecting the evolving public interest. To learn more, visit [www.aicpa.org](http://www.aicpa.org).

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

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Founded in 1908, NASBA has served as an association dedicated to enhancing the effectiveness of the country's 55 state 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. NASBA takes pride in offering its member boards a rich portfolio of products and services, all designed to effectively aid boards in their goal to protect the public. The mission of NASBA is to enhance the effectiveness and advance the common interests of the Boards of Accountancy. To learn more, visit [www.nasba.org](http://www.nasba.org).

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

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Founded in 1909, the VSCPA has a membership of 13,000 accounting professionals across Virginia who actively work in public accounting, private industry, government agencies or at educational institutions. The VSCPA is the leading professional association dedicated to enhancing the success of all CPAs and their profession by communicating information, 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 continuing professional education, leadership development, volunteer opportunities and career resources. To learn more, visit [www.vscpa.com](http://www.vscpa.com).





## SIGNIFICANT ACCOMPLISHMENTS

Listed below are some of the VBOA's significant accomplishments and changes in fiscal years 2019 and 2020.

### **COVID-19 impact on accounting profession**

The VBOA continues to monitor the outbreak of COVID-19 and its impact since it began in March 2020. The VBOA has been committed to maintaining operations during that time and being available to licensees, firms, exam candidates and the public. The VBOA Henrico office has not been open to the public, but staff members remain available through phone and email services.



### **COVID-19 in Virginia**

Updates are as follows.

#### **Active CPAs**

At this time, there are no extensions for continuing professional education (CPE) deadlines. Active CPAs must complete the required 120 CPE hours over a rolling three-year period, with a minimum of 20 hours annually, including the 2020 Virginia-Specific Ethics Course, by January 31, 2021.

#### **Peer reviews**

CPA firms have been granted an automatic six-month extension for peer reviews, corrective actions and implementation plans with original due dates between Jan. 1 and Sept. 30, 2020, according to the AICPA Peer Review Board. Despite the automatic extension, firms are still encouraged to have their reviews performed as soon as they are able.

#### **CPA exam candidates**

Due to the implications of COVID-19 across the country, some extensions have been given to Virginia CPA exam candidates.

On May 21, 2020, Board members voted to approve the following extensions for CPA exam candidates.

- Notice to Schedule (NTS) extensions: All NTS with expiration from April 1–Dec. 30, 2020, will be extended until Dec. 31, 2020. Prometric will waive all rescheduling fees, cancel scheduled appointments and clear the NTS for candidates to reschedule at their convenience.
- 18-month credit extensions: All candidates with an 18-month credit expiring from April 1–Dec. 30 will be extended until Dec. 31, 2020.

#### *Testing centers*

Prometric closed CPA exam test centers throughout the United States in April 2020 to protect test takers and staff during the coronavirus outbreak. They resumed testing for the CPA exam in the U.S. on



## SIGNIFICANT ACCOMPLISHMENTS

May 1, 2020. Prometric's goal is to continue to open testing centers when and where it is safe to do so in accordance with all local, state and federal regulations. Prometric is reaching out to the candidates directly as it relates to any scheduled appointments.

There will be revised guidelines in place at the testing centers to protect the health and well-being of CPA candidates and staff that comply with local and federal mandates.

### *Pass/Fail courses*

In the spring, many college campuses moved to all online classes. The VBOA accepts any course taken as pass/fail as long as the student receives earned semester hours for the successful completion of the course. The completed course must be on an official transcript from an appropriately accredited university, college or community college.

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### **VBOA upgrades MyLicense Office system**

The VBOA is upgrading the current MyLicense Office (MLO) system. The upgrade will include adding the enforcement module as well as making the user-facing pages more intuitive.

The system and data migration will also be migrated to a hosted cloud environment.

The look and feel of the user-facing pages will be changed to match the redesigned VBOA website design.

The upgrade is set to be completed in fall 2020.

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### **Implementation of single renewal date**

As of June 30, 2019, all CPAs and CPA firms in Virginia moved to a single renewal date. The VBOA started the transition to the single renewal date in 2018 after approved legislation.

Then, licensees and firms renewed with pro-rated fees to get to the June 30, 2019, date. Previously, licensees and firms renewed in the month when they first gained licensure.

Currently, all CPAs and firms are on the same renewal schedule of June 30 regardless of when they first gain licensure.

Unrenewed licenses will automatically go into Expired status the day after the renewal is due, on July 1. Once the license goes into Expired status, it will be the responsibility of the licensee or firm to reinstate the license.

**REMINDER**

CPA License Renewal Due

**JUNE 30**



## SIGNIFICANT ACCOMPLISHMENTS

The single renewal date did not change the current renewal fee for CPAs or firms. The renewal fee for CPAs remain \$60 while firms is \$75. The reinstatement fee also did not change. The reinstatement fee is \$350 for CPAs and \$500 for firms.

### CPA exam continuous testing began

Continuous testing for CPA exam candidates began July 1, 2020. Under this new testing model, candidates will have the ability to take the CPA exam year-round, other than waiting to receive scores from prior attempts of the same section or waiting if a section undergoes changes.

Continuous testing replaced the previous CPA exam testing window model, which only permitted candidates to test during designated times each calendar quarter.

The VBOA updated regulation 18VAC-5-22-80 Examination that became effective Jan. 1, 2020, to pave the way for continuous testing to begin in July. The National Association of State Boards of Accountancy (NASBA) previously approved Uniform Accountancy Act Model Rule 5-7(a)(2) that eliminates the need for test window limitations. According to the revised Rule, “a candidate can retake a Test Section once their grade for any previous attempt of the same Test Section has been released.”

Many other boards of accountancy supported this move and began continuous testing as well. The goal is for all jurisdictions to move toward this.

### VBOA newsletter: Accrued Interest

The VBOA creates and produces the semiannual newsletter, Accrued Interest, filled with articles, updates and news relevant to the Virginia CPA and exam candidate community.

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.

Big news happenings reported over the last two years included naming a new Executive Director, the redesign of the agency website, the Inactive Status changes, final implementation of the single renewal date, the launch of the CPE Audit Service, and listings of the latest VBOA disciplinary actions. Each issue also includes easily accessible links to Virginia statutes, agency website and a comprehensive listing of all newly licensed Virginia CPAs.

Summer 2020			www.boa.virginia.gov		
Page 1	From the VBOA Chair	Page 2	From VBOA's Executive Director	Page 5	COVID-19 impact on profession

**More inside this issue:**  
CPA exam continuous testing.....4  
New VBOA members appointed.....6  
VBOA news.....7-11  
VBOA disciplinary actions.....12-18  
Until next time.....19

**Virginia-Specific Ethics Course: Changes coming in 2021** Page 3

**vboa** VIRGINIA BOARD OF ACCOUNTANCY



## SIGNIFICANT ACCOMPLISHMENTS

Accrued Interest continues to be one of the VBOA's main sources of communication to our community.

### Changes coming in 2021 for Virginia-Specific Ethics Course

VBOA members voted on May 21, 2020, to change the format of the Virginia-Specific Ethics Course beginning on Feb. 1, 2021. This change was prompted due to CPE survey results from our licensees and the Board took initiative to act.

The new format will allow CPAs to take a variety of different courses and topics to meet the CPE ethics requirement, as long as it is taken from a VBOA-approved provider.

The two-hour annual requirement will remain the same. All licensees (excluding those approved for the Inactive status) will still complete a VBOA-approved ethics course that complies with [VBOA regulation 18VAC5-22-90](#).

Currently, there is only one Virginia-Specific Ethics Course offered each year and all CPAs are required to take the same course.

The VBOA will continue to approve all providers and courses ahead of time and it will be the CPAs responsibility to choose an ethics course from a VBOA-approved provider.

This revised format appeals to CPAs in different types of practices and industries and is consistent with what other state boards of accountancy offer.

### VBOA-APPROVED ETHICS COURSE

**VBOA SEGMENT**

- Embedded in each ethics course
- Short summary (length could vary)
- Include any regulatory or policy changes, as necessary
- NASBA to assist with production

**Requirement:**  
At least 2 hours annually for all Active CPAs

**ETHICS PROVIDERS**

VBOA will pre-approve all providers and courses beforehand.

CPE providers, organizations and firms will have the option to:

- Fulfill the rest of the annual 2-hour requirement with their own ethics course
- Purchase an ethics course from a approved provider to fill in the rest of the 2-hour requirement

### Redesigned VBOA website

The VBOA started 2020 with a new redesigned website at [www.boa.virginia.gov](http://www.boa.virginia.gov). Not only did the design change, but also the user experience and functionality significantly increased.

The new website design is clean and sophisticated, providing easy-to-find information about the CPA exam, licensure, firms, enforcement and information for members of the public. The VBOA branding colors are used along with other complementary colors.



## SIGNIFICANT ACCOMPLISHMENTS

The structure of the navigation and a new 'How do I' section provide less clicks to renew a license, apply for the exam, file a complaint and much more. The instructions and information throughout the site is also more concise and easier to understand.

One of the biggest changes in the new VBOA website is the mobile capabilities that are available. The website design and content responds appropriately to every size device from a cell phone, tablet, laptop, desktop computer, etc. The previous VBOA website was not mobile friendly.



Research was performed at the inception of the redesigned project that reviewed the various VBOA website users and what information they are looking for the most. Analytics and data were studied to ensure the most important and most viewed pages of information remained at the forefront.

### Active – CPE Exempt status becomes Inactive status

Beginning January 1, 2020, the Active - CPE Exempt status was renamed Inactive status but the requirements remain the same.

Board members approved changes to VBOA Policy #4 and #9 in December 2019, changing the name of the status Active – CPE Exempt to Inactive. However, the guidelines and eligibility of the Inactive status remains the same as the previous Active – CPE Exempt status. The policies became effective January 1, 2020.

Licensees must be pre-approved by the VBOA for this status and in order to qualify for the Inactive status, a licensee's current job duties cannot require a substantial use of accounting, financial, tax or other skills that are relevant, as determined by the VBOA.

If the individual holding an Active Virginia CPA license is not currently providing services to the public or to or on behalf of an employer, they may not be required to meet the VBOA's continuing professional education, or CPE, requirements. Inactive status applications are available on the VBOA website.

CPAs who hold the Inactive status can still use the CPA title in their name. The change in the status name was introduced to alleviate confusion or misunderstandings with the Active – CPE Exempt name and be more in line with other state boards of accountancy.





## SIGNIFICANT ACCOMPLISHMENTS

### **NASBA launches CPE Audit Service**

In May 2019, the National Association of State Boards of Accountancy launched the next iteration of the online continuing professional education tracking tool for Virginia CPAs.



This new tracking tool is called the CPE Audit Service and replaced the previous CPE Tracking System.

The goal of the new system remains the same as the previous one. It is a way for CPAs to track and maintain their CPE online but now in a more intuitive way.

The CPE Audit Service is available to use at no charge and allows CPAs to keep track of and store all CPE records in one location. The CPE Audit Service system includes video tutorials that focus on new features and the most commonly used components. The videos are easy-to follow and include step-by-step instructions on how to upload CPE certificates, enter the information and submit it to the VBOA.

Use of this system does not reflect a final determination of CPE compliance. The VBOA has the final authority on the acceptance of individual courses and documentation for CPE credit.

The CPE Audit Service is the only way for CPAs to submit records and documentation to show CPE compliance when selected for an audit by the VBOA. CPAs who have been selected for an audit will not be compliant with CPE requirements until the VBOA reviews the documentation and deems compliance.

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### **VBOA names new Executive Director**

Nancy Glynn, CPA, joined the VBOA in October 2018 as the new Executive Director. She brings with her a wealth of experience in prior leadership roles in government, private and nonprofit industries.

“This was a great opportunity for me with my focus on leadership and to serve the profession,” said Glynn. “Something I really value is being a CPA and the integrity that comes with it. I also understand the integrity that’s needed when working with the public.”

Having a CPA at the helm, she also knows the sacrifice it takes to pass the exam, earn a license and the value it has throughout a career.

“I provide a different viewpoint because I recognize all the requirements it takes to get here while now being able to support CPAs and ensure the rules are being followed,” she said.



## **SIGNIFICANT ACCOMPLISHMENTS**

Glynn is not only a certified public accountant but also a certified fraud examiner and certified compliance and ethics professional.

Before coming to the VBOA, she was the Chief Compliance and Operations Officer with a national healthcare-related nonprofit. In that capacity, she led the development, execution and revision of the organization's operations to ensure they met industry standards and regulations.

Glynn spent several years as the Director of Global Assurance at ChildFund International where she was responsible for global audit and compliance efforts covering more than 20 country offices and 400 partner organizations.

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### **Commonwealth of Virginia Campaign donations**

The VBOA donated to the Commonwealth of Virginia Campaign in 2019. The VBOA donated backpacks and school supplies to school-aged children at St. Joseph's Villa.

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

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.





## 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 Code of Virginia § 54.1-4420.



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

### **FY18 – FY19 Financial statements**

The APA Audit Reports on the VBOA's financial statements, dated June 18, 2019, and June 19, 2020, respectively, state, "In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Accountancy as of June 30, 2018, and June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the operating fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America."

### **FY18 – FY19 Internal control over financial reporting and on compliance and other matters**

The APA Audit Report on the internal control over financial reporting and on compliance and other matters, dated June 18, 2019, 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.

The APA Audit Report on the internal control over financial reporting and on compliance and other matters, dated June 19, 2020, identified one deficiency in internal control, which was remedied during the audit.



## FINANCIAL SUMMARY

The VBOA fulfills its mission through a regulatory program of CPA examination, licensure, CPE and consumer protection, and financial management and accountability.

The VBOA is a 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 statutory purpose.

The Operating Fund is the primary operating fund for the VBOA. It is the policy of the VBOA to begin the fiscal year with funds in the operating account equal to the annual, board approved, operating budget. Funds exceeding this amount shall be maintained in the Trust Account. Any additional transfers during that fiscal year from the Trust Account to the operating account requires additional board approval.

During FY19, the VBOA transferred \$631,270 to the Trust Account from the Operating Fund. During FY20, the VBOA transferred \$868,979 to the Operating Fund from the Trust Account.

In accordance with [Code of Virginia, § 54.1-4405.1](#), 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 germane to its statutory purpose.

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

The VBOA initiated a regulatory change to increase fees that went into effect on January 1, 2013. No other fee increase for licensees and firms have occurred since then.

The VBOA experienced one-time costs in FY19 related to an IT project. Overall, expenditures decreased in FY20 but the VBOA has continued to experience increases in the areas of personal services, information technology, legal services and fiscal services.



# FINANCIAL SUMMARY

## Financial Summary (Cash Basis)

	FY ended June 30, 2019	FY ended June 30, 2020
Revenue from Operations:	\$2,870,760	\$2,220,553
Expenditures:	(\$2,174,013)	(\$2,133,584)
Cash transfers out: *	(\$11,302)	(\$11,302)
(Deficit)/Surplus:	<u>\$685,445</u>	<u>\$75,667</u>
Appropriation:	<u>\$2,476,080</u>	<u>\$2,308,495</u>
Cash Balances:		
Operating Fund:	\$723,562	\$1,941,587
Trust Account:	\$4,405,230	\$3,617,992
Total cash available:	<u>\$5,128,792</u>	<u>\$5,559,579</u>

\* Transfers required by the respective Appropriations Act.





# VBOA STATISTICS

as of June 30, 2020



**1,157**  
licensed CPA firms



**28,581**  
licensed CPAs



**8,935**  
out-of-state licensees



**1,673**  
first-time exam  
candidates in FY20



**700**  
CPE audits  
requested



# CPA LICENSURE

In order to become a licensed CPA in Virginia, an applicant must first meet the 3 E's:

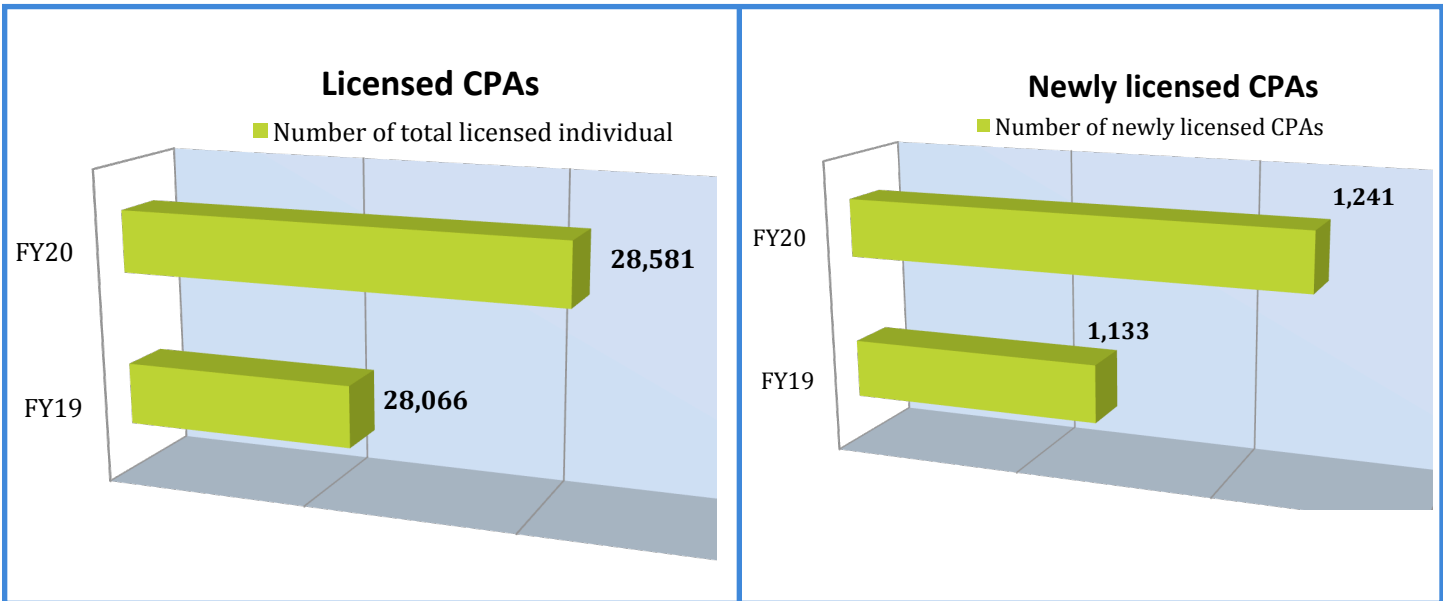
- Education
- Exam
- Experience



CPA licensure in Virginia requires at least 150 semester hours of education, a baccalaureate or higher degree with an accounting concentration or equivalent. For experience, the applicant must complete at least 2,080 work hours, or equivalent to one year of full-time employment, in academia, a firm, government, or industry involving the substantial use of accounting, financial, tax, or other skills that are relevant, as determined by the VBOA.

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.



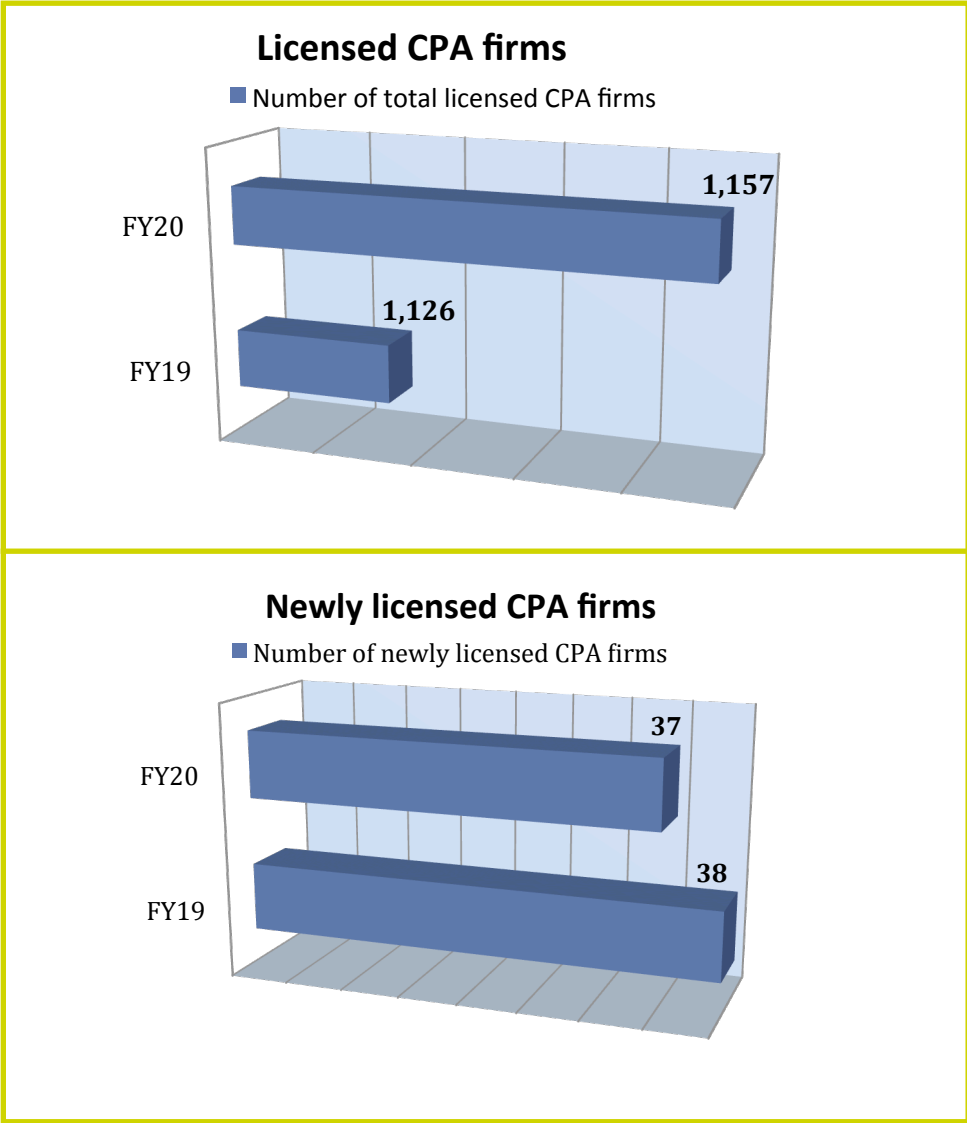


# CPA FIRM LICENSURE

In accordance with Code of Virginia § 54.1-4412.1, only a licensed CPA firm can provide attest services, compilation services, or financial statement preparation services to persons or entities located in Virginia.



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





## CPA EXAMINATION

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

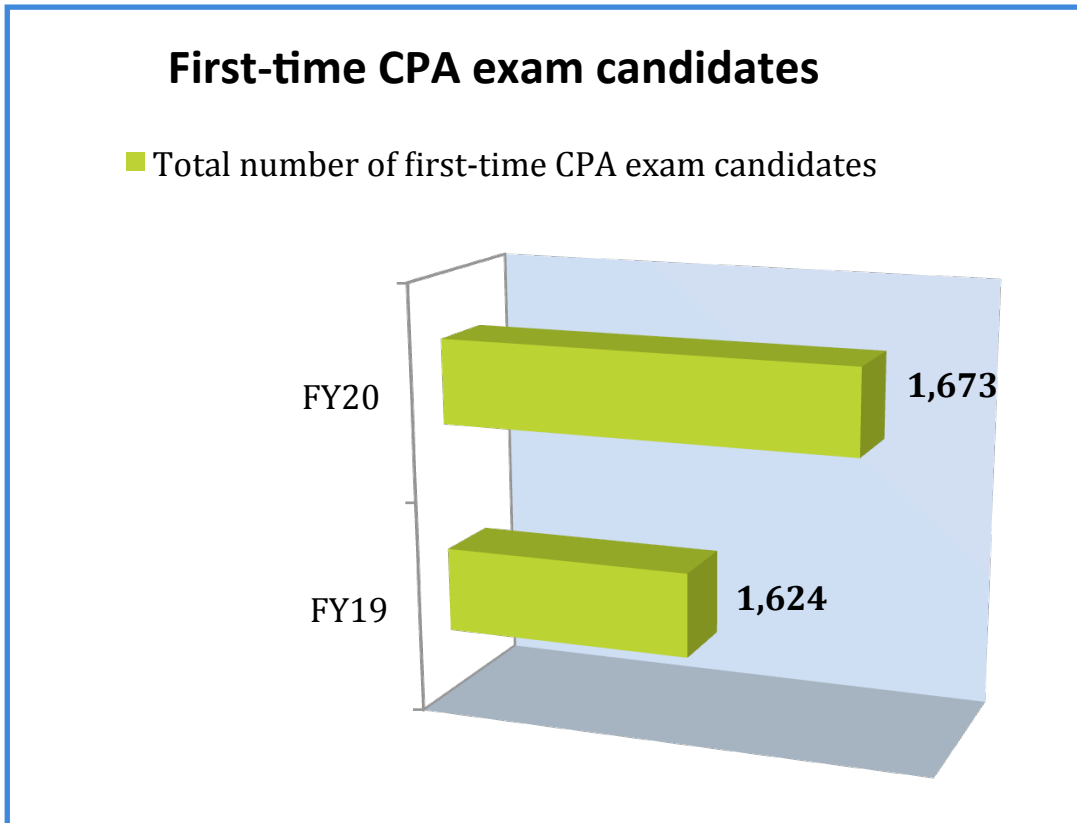
- Obtain at least 120 semester hours of education
- Baccalaureate or higher degree with an accounting concentration or equivalent



An accounting concentration or equivalent is comprised of:

- 24 semester hours of accounting courses above the introductory/foundational level
- 24 semester hours of business courses

The chart shows the number of first time applicants who took the CPA exam in the past two fiscal years.





# CONTINUING PROFESSIONAL EDUCATION (CPE)

In accordance with Code of Virginia § 54.1-4409.2 and VBOA regulations 18VAC5-22-90 and 18VAC5-22-140, an individual who applies for an initial license, holds an Active Virginia individual CPA license, or applies to have their license reinstated is required to obtain continuing professional education, or CPE.



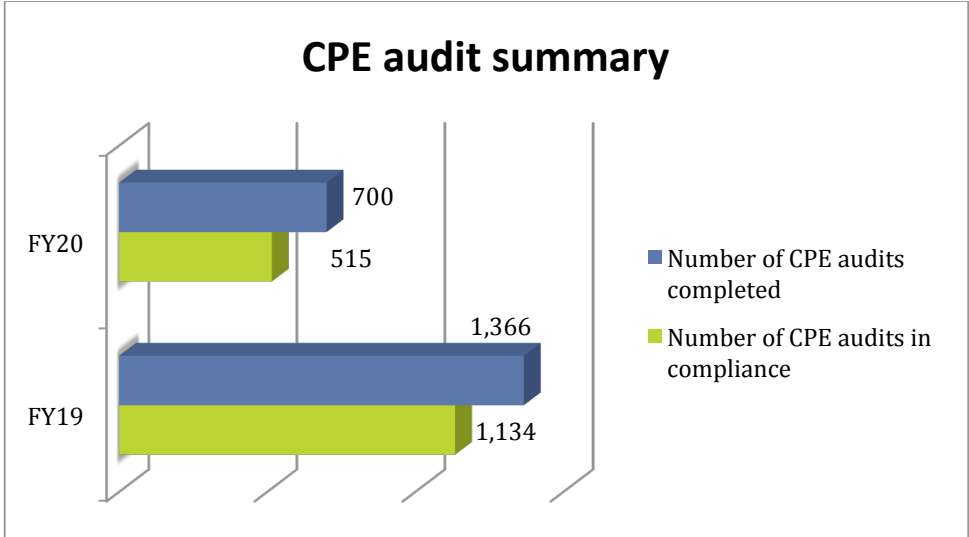
On a monthly basis, the VBOA randomly selects a percentage of active licensee population for a CPE audit. The VBOA notifies selected licensees and they are required to visit the National Association of State Boards of Accountancy-sponsored CPE Audit Service to complete the CPE audit process.

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

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

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 four calendar-years preceding the current calendar-year.

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



\*The numbers of selected audits in 2020 was much lower due to COVID-19.

\*There are 49 FY20 audits still in progress.



# ENFORCEMENT

Pursuant to Code of Virginia § 54.1-4402(G), “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, compilation services, or financial statement preparation 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.”



The VBOA will investigate complaints against licensees and unlicensed individuals, 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.

## VBOA's Enforcement Division:

- Investigates complaints against licensees and unlicensed individuals or entities that are within the jurisdiction of the VBOA.
- Coordinates investigations of matters with other agencies that involve significant loss or harm to Virginia citizens.
- Increases adherence to licensing requirements and professional standards by CPAs and licensed firms.
- Resolves VBOA enforcement matters and adjudicating complaint cases in a timely manner.
- Maintains the confidentiality of information obtained during investigations.
- Monitors licensees disciplined by the VBOA.
- Publicizes disciplinary actions necessary to protect the public.

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## Common complaints

The VBOA investigates an average of 75 to 100 complaints a 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.

In addition to complaints received and initiated by the VBOA, random CPE audits are conducted on selected licensees. As a 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 may be offered a Consent Order and be subject to disciplinary action.



# ENFORCEMENT

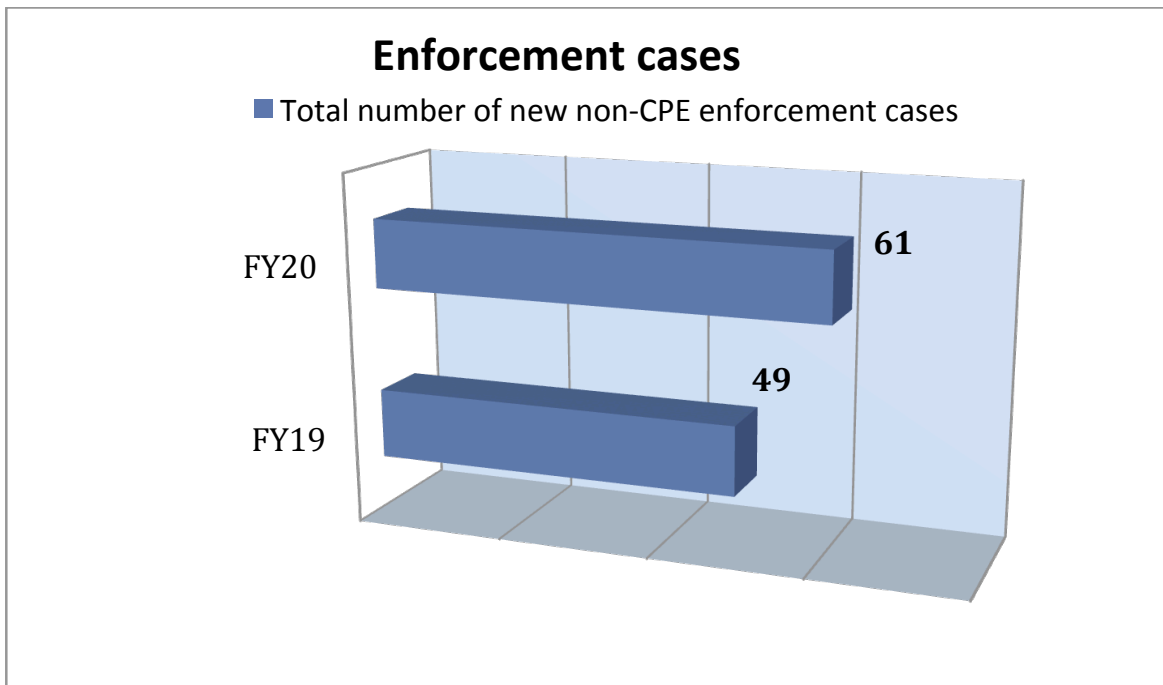
Common complaints investigated by the VBOA include:

- Unlicensed activity by expired licensees, non-CPA accountants, bookkeepers or firms
- Failure to complete services
- Failure to return client records or respond to clients
- Embezzlement, fraud and/or theft
- Disclosure of confidential information
- Misrepresentations
- Independence
- Audit failure
- Failure to maintain competency
- IRS sanctions
- Felonies
- Failure to provide due professional care
- Ethics violations
- Violations of the respective Virginia statutes and/or regulations

Common complaints not investigated by the VBOA include:

- Fee disputes: The VBOA has no authority to regulate the fees charged by CPAs. Fee disputes are legal matters.
- Authority over non-CPA accountants or bookkeepers
- Minor errors or mistakes

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 enforcement cases during fiscal year 2019 and 2020.





# ENFORCEMENT

## Enforcement process

The Enforcement Division reviews all complaints. If probable cause exists to initiate an investigation, the investigation process begins. Depending upon the type of complaint or violation of statute or regulation, the case may be administered by VBOA staff or referred to the Board members for resolution.

If sanctions are deemed appropriate, a potential resolution of the complaint is proposed in writing to the CPA, CPA firm or unlicensed individual with a Consent Order. If the individual signs the Order, agreeing fully to the terms and conditions, the Order is then brought before the entire 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 members of the Board. These Board members will review the case and present the Presiding Officer's recommendation to the entire 7-member Board for consideration. The Board may accept or reject the recommendations in whole or in part.

The CPA, CPA firm, or unlicensed individual or firm has 30 days to appeal the Board's final case decision to the courts.

All open cases are deemed confidential and are not available to the public. However, closed cases are available to the public upon a Freedom of Information Act request. The VBOA Information and Policy Advisor is the agency's designated FOIA officer.

The VBOA publishes information of licensees found to be deficient in CPE credit hours in the event of a license suspension; a previous CPE deficiency finding; or a previous professional violation. The VBOA also publishes information of unlicensed individuals and firms against whom the VBOA has taken a disciplinary action. This policy is subject to change without notice.



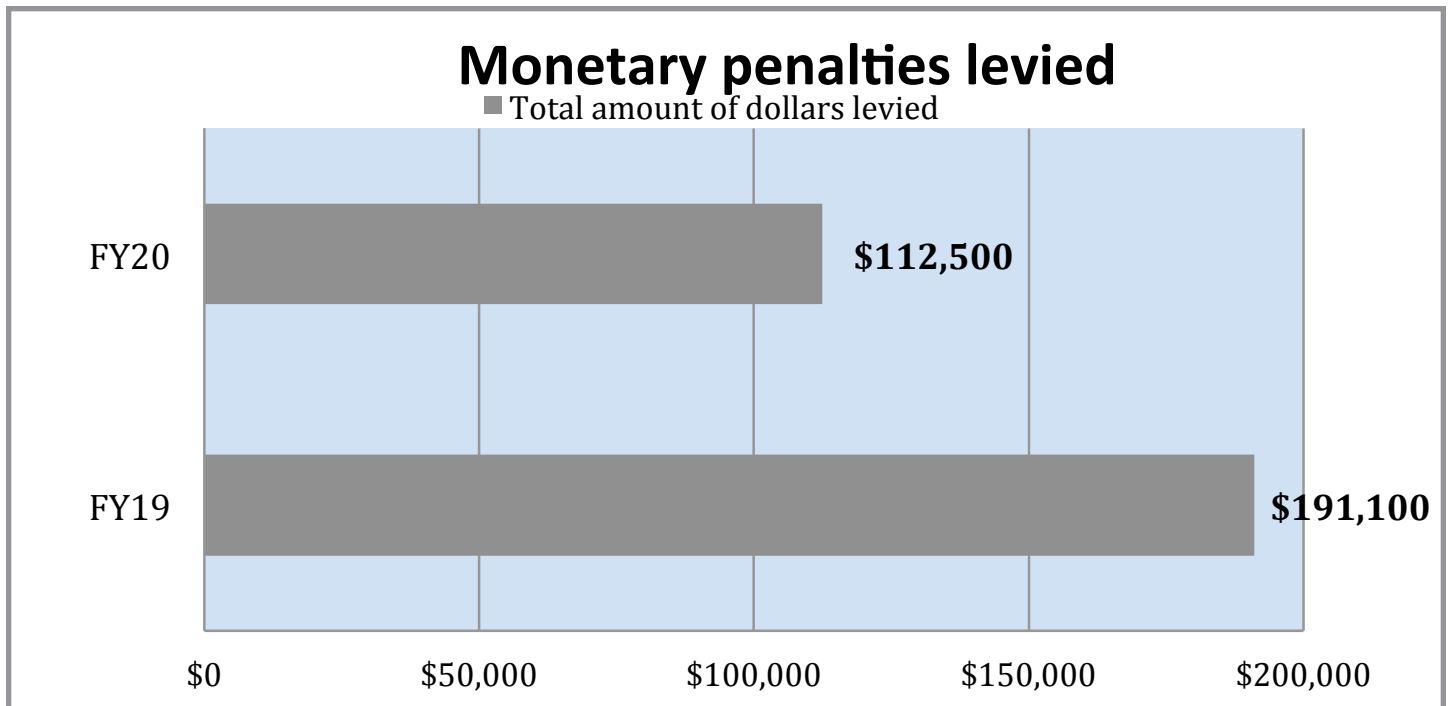
# ENFORCEMENT

## Penalties

Virginia licensees, expired licensees or non-licensees using the CPA title or performing services in Virginia restricted to CPAs are subject to penalties by the VBOA. Penalties may include, but are not limited to: reprimand, probation, monetary penalties, additional or specific CPE, practice monitoring, practice restriction, and license 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 Code of Virginia § 54.1-4413.4, the VBOA may impose a monetary penalty up to \$100,000 for each violation of the statutes and regulations promulgated by the VBOA.

The following chart displays the total dollar amount of monetary penalties levied from fiscal year 2019 through fiscal year 2020.



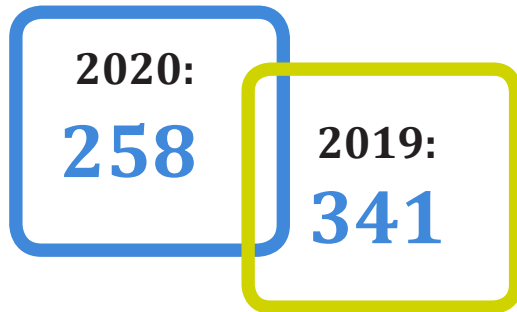


# ENFORCEMENT

## Closed investigations

A summary of closed enforcement cases from fiscal years 2019-20 by source of complaint, allegation/issue and resolution follows.

### Number of closed cases



The decrease in the total number of cases was due, in part, to the transition to the new National Association of State Boards of Accountancy (NASBA)-sponsored CPE Audit Service. The online system launched in March 2019, which led to a decrease in the number of CPE audits for a period of time during FY2020.

### Source of complaints

The following table displays the source of complaints received and the number of cases investigated and closed in fiscal year 2019 and 2020.

	VBOA internal	Public (named or anonymous)	Interagency (federal, state, local or international agency/jurisdiction, non-governmental professional organization)
2019	309	21	11
2020	216	25	17



# ENFORCEMENT

## Allegations and issues

The following table displays the allegations and issues received for the number of cases closed in fiscal year 2019 and 2020.

	Unlicensed activity	Discreditable act*	CPE deficiency	Eligibility	Peer Review	Totals:
2019	12	15	293	16	5	341
2020	24	14	201	15	4	258

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

## Case resolutions

The following table displays the case resolutions in fiscal year 2019 and 2020 closed cases.

	Closed by Board Order or Consent Order*					Closed by other means		Totals:
	Revocation	Suspension	Monetary penalty	Reprimand	Other**	No violation found	Other***	
2019	0	30	208	57	16	21	9	341
2020	1	15	114	86	15	17	10	258

\* 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, 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 VBOA's jurisdiction.



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Biennial report FY 2019-2020