



1 an arrangement in which no fee will be charged unless a specified finding or result is obtained, or  
2 in which the amount of the fee is dependent upon the finding or result obtained. Fees shall not  
3 be considered contingent if fixed by courts or other public authorities, or in tax matters if  
4 determined based on the results of judicial proceedings or the findings of governmental agencies.  
5 A CPA certificate holder's fees may vary depending on the complexity of services rendered,  
6 and such variation shall not be considered a contingent fee. [Code definition.]

7  
8 "Continuing Professional Education (CPE)" means an integral part of the lifelong  
9 learning required to provide competent service to the public; the formal set of activities that  
10 enables accounting professionals to maintain and increase their professional competence.

11  
12 "CPE reporting year" means the period beginning on July 1 of a calendar year and  
13 ending on June 30 of the following calendar year.

14  
15 "CPE reporting cycle" means the three CPE reporting years immediately preceding  
16 the year the CPA certificate is renewed pursuant to 18 VAC 5-20-451.

17  
18 "CPA certificate" means a certificate as a certified public accountant ("CPA") issued  
19 by the board pursuant to Chapter 20 (§ 54.1-2000 et seq.) of Title 54.1 of the Code of  
20 Virginia and this chapter, which shall function as a license, or a corresponding certificate as a  
21 certified public accountant issued after meeting examination and other requirements under the  
22 laws of any other state.

23  
24 "Credit hour" means successful completion of a course of study measured in a contact  
25 hour.

26  
27 "Examination" means, when used in the context of services provided by CPAs,  
28 expressing an opinion about the fairness of presentation of financial information in accordance  
29 with prescribed criteria.

30  
31 "Financial statement" means writing or other presentation, including accompanying  
32 notes, which presents, in whole or in part, historical or prospective financial position, results of  
33 operations or changes in financial position of any person, corporation, partnership or other  
34 entity. [Code definition.]

35  
36 "Firm" means a sole proprietorship, partnership, corporation, limited liability company,  
37 limited liability partnership, or any other form of organization permitted by law. [Code  
38 definition.]

39  
40  
41 "Good character" means a lack of a history of dishonest or felonious acts.

42  
43 "Group program" means an educational process designed to permit a participant to  
44 learn a given subject through interaction with an instructor and other participants.

45  
46 "Interactive self-study program" means a program designed to use interactive  
47 learning methodologies that simulate a classroom learning process by employing software, other

1 courseware, or administrative systems that provide significant ongoing, interactive feedback to  
2 the learner regarding his learning process. Evidence of satisfactory completion of each program  
3 segment by the learner is often built into such programs. These programs clearly define lesson  
4 objectives and manage the student through the learning process by requiring frequent student  
5 response to questions that test for understanding of the material presented, providing evaluative  
6 feedback to incorrectly answered questions, and providing reinforcement feedback to correctly  
7 answered questions. Capabilities are used that, based on student response, provide  
8 appropriate ongoing feedback to the student regarding his learning progress through the  
9 program.

10  
11 \_\_\_\_\_ "*Noninteractive self-study program*" means any self-study program that does not  
12 meet the criteria for interactive self-study programs.

13  
14 \_\_\_\_\_ "*Original CPA certificate*" means a CPA certificate issued by the board other than a  
15 CPA certificate by endorsement.

16  
17 \_\_\_\_\_ "*Peer review*" means a study, appraisal, or review, by a CPA certificate holder who is  
18 not affiliated with the firm being reviewed, of one or more aspects of the professional work of a  
19 firm that engages in the practice of public accounting or compiles financial statements in  
20 accordance with the American Institute of Certified Public Accountants' Statements on  
21 Standards for Accounting and Review Services (SSARS). [Code definition.]

22  
23 \_\_\_\_\_ "*Practice of public accountancy*" or "*public accounting*" means the giving of an  
24 assurance, in a report or otherwise, whether expressly or implicitly, unless this assurance is given  
25 by an employee to his employer. [Code definition.]

26  
27 \_\_\_\_\_ "*Practice of taxation*" means the providing of tax compliance and tax advice services.

28  
29 \_\_\_\_\_ "*Registration*" means the process through which a firm obtains a registration certificate  
30 from the board. [Code definition.]

31  
32 \_\_\_\_\_ "*Registration certificate*" means a certificate issued to a firm that has met all of the  
33 requirements for registration under this chapter. [Code definition.]

34  
35 \_\_\_\_\_ "*Regulant*" means any CPA certificate holder or registration certificate holder who is  
36 subject to Chapter 20 (§ 54.1-200 et seq.) of Title 54.1 of the Code of Virginia and this  
37 chapter.

38  
39 \_\_\_\_\_ "*Renewal month*" means the month of the calendar year in which a firm is required to  
40 renew its registration certificate.

41  
42 \_\_\_\_\_ "*Report*" or "*reports*" when used with reference to financial statements, means an  
43 opinion or disclaimer of opinion or other form of language or representation which states or  
44 implies any form of assurance or denial of assurance. [Code definition.]

45  
46 \_\_\_\_\_ "*Self-study program*" means an educational process designed to permit a participant  
47 to learn a given subject without major involvement of an instructor. Self-study programs do not

1 include informal learning.

2  
3 “SSARS” means Statements on Standards for Accounting and Review Services  
4 established by the American Institute of Certified Public Accountants. [Code definition.]

5  
6 “Standards of conduct” means the standards set forth in 18 VAC 5-20-441.

7  
8 “Standards of practice for CPA certificate holders” means the standards set forth in  
9 18 VAC 5-20-442, 18 VAC 5-20-443 and 18 VAC 5-20-444.

10  
11 “State” means any state of the United States, the District of Columbia, Puerto Rico,  
12 the U.S. Virgin Islands and Guam. [Code definition.]

13  
14 “Substantial equivalency” means a determination by the board or its designee that the  
15 education, examination and experience requirements contained in the statutes and administrative  
16 rules of another jurisdiction are comparable to, or exceed, the education, examination and  
17 experience requirements contained in this chapter, or that an individual CPA from another  
18 jurisdiction has met education, examination and experience requirements which are comparable  
19 to, or exceed, the education, examination, and experience requirements contained in Chapter 20  
20 (§ 54.1-2000 et seq.) of Title 54.1 of the Code of Virginia and this chapter. [Code definition.]

21  
22 “Wall certificate” means the symbolic document suitable for wall display that is issued  
23 by the board to an individual meeting the requirements for a CPA certificate set forth in 18  
24 VAC 5-20-20.

25  
26  
27 **18 VAC 5-20-11. Fees.**

28  
29 A. All fees are nonrefundable and the date of receipt by the board or its agent is the  
30 date which will be used to determine whether it is on time.

31  
32 B. The following fees are effective October 4, 1999:

33

34	<u>Original CPA certificate application</u>	<u>\$ 24</u>
35	<u>CPA certificate by endorsement application</u>	<u>\$ 24</u>
36	<u>Registration certificate application</u>	<u>\$ 24</u>
37	<u>CPA certificate renewal</u>	<u>\$ 24</u>
38	<u>Registration certificate renewal</u>	<u>\$ 24</u>
39	<u>CPA certificate late renewal</u>	<u>\$ 25</u>
40	<u>Registration certificate late renewal and,</u>	
41	<u>effective [insert the effective date of this</u>	
42	<u>chapter], late application</u>	<u>\$ 25</u>
43	<u>CPA certificate reinstatement</u>	<u>\$ 60</u>
44	<u>Registration certificate reinstatement</u>	<u>\$ 60</u>

45

46 If the renewal fee is not received by the board within 30 days after the expiration date printed  
47 on the CPA certificate or the registration certificate, the regulant shall pay the renewal and the

1 ~~late renewal fees. Regulators applying for reinstatement shall pay all unpaid renewal fees in~~  
2 ~~addition to the late renewal and the reinstatement fees.~~

3  
4 ~~\_\_\_\_\_ C. In order to implement a staggered billing program, the renewal fee for CPA~~  
5 ~~certificate holders whose CPA certificates expire on September 30, 2000 shall be as follows~~  
6 ~~depending upon the new expiration date assigned to the regulator:~~

7			
8	<del>_____</del>	<del>March 31, 2001</del>	<del>\$ 12</del>
9	<del>_____</del>	<del>April 30, 2001</del>	<del>\$ 14</del>
10	<del>_____</del>	<del>May 31, 2001</del>	<del>\$ 16</del>
11	<del>_____</del>	<del>June 30, 2001</del>	<del>\$ 18</del>
12	<del>_____</del>	<del>July 31, 2001</del>	<del>\$ 20</del>
13	<del>_____</del>	<del>August 31, 2001</del>	<del>\$ 22</del>
14	<del>_____</del>	<del>September 30, 2001</del>	<del>\$ 24</del>
15	<del>_____</del>	<del>October 31, 2001</del>	<del>\$ 26</del>
16	<del>_____</del>	<del>November 30, 2001</del>	<del>\$ 28</del>
17	<del>_____</del>	<del>December 31, 2001</del>	<del>\$ 30</del>
18	<del>_____</del>	<del>January 31, 2002</del>	<del>\$ 32</del>
19	<del>_____</del>	<del>February 28, 2002</del>	<del>\$ 34</del>

20  
21 ~~\_\_\_\_\_ D. The late filing fee for CPA certificate holders who fail to complete or report their~~  
22 ~~CPE as required by this chapter shall be:~~

- 23  
24 ~~\_\_\_\_\_ 1. If received by the board up to four months late, \$ 25.~~  
25 ~~\_\_\_\_\_ 2. If received by the board more than four months late but not more than six~~  
26 ~~months late, \$50.~~  
27 ~~\_\_\_\_\_ 3. If received by the board more than six months late, \$ 75.~~

28  
29 ~~\_\_\_\_\_ E. The fee for a replacement wall certificate shall be \$ 25.~~

30  
31 ~~\_\_\_\_\_ E. A fee of \$ 25 will be charged in addition to the fees established in this section for~~  
32 ~~submitting a check to the board which is dishonored by the institution upon which it is drawn.~~

33  
34 ~~\_\_\_\_\_ G. The fee for the examination provided for in 18 VAC 5-20-20 C shall consist of the~~  
35 ~~contract charges. Examination service contracts shall be established through competitive~~  
36 ~~negotiation in compliance with the Virginia Public Procurement Act (§ 11-35 et seq. of the~~  
37 ~~Code of Virginia). The examination fee shall not to exceed \$1,000.~~

38  
39  
40

1 **PART II**  
2 **ENTRY REQUIREMENTS FOR CPA CERTIFICATE, REGISTRATION**  
3 **CERTIFICATE AND CPA SUPERVISING SERVICES INVOLVING THE**  
4 **PRACTICE OF PUBLIC ACCOUNTING.**  
5  
6

7 **18 VAC 5-20-20. Qualifications for CPA certificate.**  
8

9 \_\_\_\_\_ A. Each applicant must be a person of good character as defined in 18 VAC 5-20-10.

10  
11 \_\_\_\_\_ B. Education prior to taking the examination.

12  
13 \_\_\_\_\_ 1. Each applicant whose application to sit for the examination is received by the  
14 board before July 1, 2006 shall have received a baccalaureate degree or its  
15 equivalent conferred by an accredited college or university as required by §  
16 54.1-2003 B 1 of the Code of Virginia and shall at the time the application is  
17 received have completed the following courses at the undergraduate or graduate  
18 level to meet the accounting concentration requirement of § 54.1-2003 B 1 of  
19 the Code of Virginia:

20  
21 \_\_\_\_\_ a. At least 24 semester hours of accounting including courses covering  
22 the subjects of financial accounting, auditing, taxation, and management  
23 accounting, and

24  
25 \_\_\_\_\_ b. At least 18 semester hours in business courses (other than the  
26 courses described in subdivision 1 a of this subsection).

27  
28 An applicant whose application is received under the requirements of this  
29 subdivision may take the examination so long as the requirements of subdivision  
30 C 2 of this section are met.

31  
32 2. Each applicant whose application to sit for the examination is received by the  
33 board on or after July 1, 2006 shall meet the requirements of § 54.1-2003 B 2  
34 of the Code of Virginia and shall at the time the application is received have  
35 completed the following courses at the undergraduate or graduate level to meet  
36 the accounting concentration requirement of § 54.1-2003 B 2 of the Code of  
37 Virginia:

38  
39 \_\_\_\_\_ a. At least 30 semester hours of accounting, including courses covering  
40 the subjects of financial accounting, auditing, taxation, and management  
41 accounting, and

42  
43 \_\_\_\_\_ b. At least 24 semester hours in business courses (other than the  
44 courses described in subdivision 2 a of this subsection).

45  
46 3. A quarter hour of coursework shall be considered the equivalent of two-  
47 thirds of a semester hour of coursework.

1  
2 4. Each applicant with a degree or coursework earned at a non-accredited  
3 college or university shall, if credit for such degree or course work is to be  
4 considered by the board, (i) have his educational credentials evaluated by an  
5 academic credentials service approved by the board or an accredited institution,  
6 as defined in 18 VAC 5-20-10, to determine the extent to which such  
7 credentials are equivalent to the education requirements set forth in subdivision  
8 1 and subdivision 2 of this subsection; and (ii) submit such evaluations to the  
9 board, which may accept or reject the evaluator's recommendations in whole or  
10 in part.

11  
12 5. Evidence of having obtained the required education shall be submitted in the  
13 form of official transcripts transmitted in a manner determined by the board. In  
14 unusual circumstances, the board may accept other evidence it deems to be  
15 substantially equivalent.

16  
17 C. Examination.

18  
19 1. Each applicant shall pass (i) a national uniform examination, as approved by  
20 the board, in auditing, business law and professional responsibilities, accounting  
21 and reporting (taxation, managerial, governmental and not-for-profit  
22 organizations), financial accounting and reporting, and other such related subject  
23 areas as deemed appropriate by the board; and (ii) an ethics examination  
24 approved by the board. Each part of the examination must be passed with a  
25 minimum grade established by the board based on the recommendation of a  
26 psychometrician who has determined the valid passing grade by conducting a  
27 scientific analysis of the examination.

28  
29 2. Examination credits.

30  
31 At the sitting of the examination when an applicant initially passes two or more  
32 but not all sections, the applicant shall be given credit for those sections that the  
33 applicant has passed and need not sit for reexamination in those sections,  
34 provided the following conditions are met:

35  
36 a. At that sitting, the applicant wrote all sections of the examination for  
37 which the applicant did not have credit;

38  
39 b. The applicant attained a minimum grade of 50 on each section taken  
40 at that sitting when the first two sections were passed and in each  
41 subsequent sitting attains a minimum grade of 50 on all sections taken at  
42 that sitting ;

43  
44 c. The applicant passes the remaining sections of the examination within  
45 six consecutive examinations (irrespective of the date on which the  
46 examination credit was earned) given after the one at which the first  
47 sections were passed;

1  
2 d. At each subsequent sitting at which the applicant seeks to pass any  
3 additional sections, the applicant writes all sections for which the  
4 applicant does not have credit; and

5  
6 3. Examination credits, exceptions.

7  
8 The board may, at its discretion, waive any of the above requirements for  
9 carryover examination credits, if such waiver is in the public interest.

10  
11 4. Conduct in examination.

12  
13 Each applicant shall follow all rules and regulations established by the board  
14 with regard to conduct at the examination. Such rules shall include instructions  
15 communicated prior to the examination date and instructions communicated at  
16 the examination site on the date of the examination.

17  
18 5. Loss of credit or eligibility.

19  
20 Failure to comply with the rules and regulations governing conduct in the  
21 examination may result in the loss of established eligibility to sit for the  
22 examination or credit for examination parts passed.

23  
24 6. Application.

25  
26 An applicant to sit for the examination shall obtain an application form from the  
27 board or its designee, complete the application in accordance with the  
28 instructions on the application, and submit the application together with all  
29 required documents to the board or its designee by the date determined by the  
30 board or its designee.

31  
32 7. An applicant who fails to appear for the examination or reexamination shall  
33 forfeit the fees charged for that examination or reexamination unless excused by  
34 the board.

35  
36 8. The fee to sit for the examination is established in 18 VAC 5-20-11 G,  
37 whether paid directly to the board or to a designee under contract to the board.

38  
39  
40 D. Experience.

41  
42 1. Each applicant for initial issuance of a CPA certificate under this section shall  
43 provide documentation of having met the experience requirements established  
44 by §54.1-2003 C of the Code of Virginia, which requires at least one year of  
45 acceptable experience in accounting or a related field. The experience may  
46 include providing any type of service or advice involving the use of accounting,  
47 management, financial, tax, or consulting advisory skills or services. Acceptable



1 experience shall include employment in government, industry, academia or  
2 public accounting or related services. The applicant's experience may be  
3 supervised by a non-CPA certificate holder, although, when completing the  
4 application for the CPA certificate, the experience must be verified by a CPA  
5 certificate holder.

6  
7 2. One year of experience shall consist of full or part-time employment that  
8 extends over a period of no less than a year and no more than three years and  
9 includes no fewer than 2,000 hours of performance of services described in  
10 subdivision 1 of this subsection.

11  
12  
13 **18 VAC 5-20-41 Issuance of original CPA certificate; CPA certificate by**  
14 **endorsement; and substantial equivalency.**

15  
16 A. Practicing as a CPA in the Commonwealth of Virginia

17  
18 Only an individual who (i) holds a valid CPA certificate, or (ii) meets the  
19 substantial equivalency requirements in this section may practice as a CPA in  
20 the Commonwealth of Virginia.

21  
22 B. Original CPA certificate.

23  
24 1. When required. Each individual who desires to use the CPA designation  
25 shall first obtain a CPA certificate.

26  
27 2. Each applicant for an original CPA certificate shall submit an application, on  
28 a form provided by the board, which shall document that the requirements of 18  
29 VAC 5-20-20 have been met. If the application is received by the board three  
30 or more years after the successful completion of the CPA examination by the  
31 applicant, the applicant shall, in addition, submit evidence of having met the  
32 continuing professional education (CPE) requirements established by 18 VAC  
33 5-20-451 A 1 or 18 VAC 5-20-451 A 2, whichever is applicable. Each  
34 applicant shall agree to comply with the statutes and regulations of any other  
35 state in which he is authorized to practice.

36  
37 3. Each application for an original CPA certificate shall be accompanied by the  
38 fee established in 18 VAC 5-20-11.

39  
40 C. CPA certificate by endorsement.

41  
42  
43 1. When required. Each individual who holds a CPA certificate in a state other  
44 than Virginia and either (i) has moved his principal place of business to Virginia,  
45 or (ii) does not meet the substantial equivalency provision outlined in subsection  
46 G of this section must obtain a CPA certificate by endorsement prior to  
47 practicing as a CPA in Virginia.

1  
2 2. Each applicant for a CPA certificate by endorsement shall submit an  
3 application, on a form provided by the board, which shall document that the  
4 applicant holds a corresponding CPA certificate as a certified public accountant  
5 issued after meeting examination and other requirements under laws of the  
6 state(s) from which the applicant is seeking a CPA certificate by endorsement.  
7 The application shall include the following:

8  
9 a. From each state from which the applicant has received a CPA  
10 certificate (or from the applicant directly if the state is unable to provide  
11 the information), a written statement from the board of each state  
12 confirming that the applicant (i) is in good standing in that state; (ii) has  
13 not been found guilty of violating that state's standards of conduct or  
14 practice; (iii) has no pending actions alleging violations of that state's  
15 standards of conduct or practice; (iv) has met the education  
16 requirements in effect in that state when the applicant passed the  
17 examination described in 18 VAC 5-20-20 C and (v) has met the  
18 experience requirement for a CPA certificate in effect in Virginia when  
19 the CPA certificate by endorsement application is received by the  
20 board. An applicant who holds a CPA certificate from a state that the  
21 board has determined meets the substantial equivalency provision set  
22 forth in §54.1-2004.1 of the Code of Virginia shall be considered to  
23 have met the requirements of (iv) and (v).

24  
25 b. A written statement from the applicant affirming that the applicant  
26 has (i) not violated the board's standards of conduct or standards of  
27 practice; and (ii) met the board's continuing education requirements.

28  
29 The board may deny the application for a CPA certificate by endorsement if the  
30 applicant is not in good standing in the other states which have issued CPA  
31 certificates to the applicant or if any information from the applicant indicates a  
32 failure to comply with the aforementioned standards.

33  
34 3. Each application for a CPA certificate by endorsement shall be  
35 accompanied by the fee established in 18 VAC 5-20-11.

36  
37 D. Privileges of CPA certificate holders.

38  
39 Each CPA certificate holder shall have the privilege of using the CPA  
40 designation provided the CPA certificate holder complies with the (i) standards  
41 of conduct, (ii) standards of practice, and (iii) the renewal requirements  
42 established by the board. Upon expiration of the CPA certificate, the CPA  
43 certificate holder shall cease displaying the CPA certificate and the wall  
44 certificate, and shall cease affixing and using the CPA designation in any  
45 manner.

46  
47 E. Supervising CPA.

1  
2 CPA certificate holders shall have met the experience requirements established  
3 in 18 VAC 5-20-81 before supervising services involving the practice of public  
4 accounting, or signing or authorizing another person to sign the accountant's  
5 report on the financial statements on behalf of the firm.

6  
7 E. CPA certificate renewal.

8  
9 CPA certificates shall be renewed in compliance with 18 VAC 5-20-100.

10  
11 G. Privilege to practice without a CPA certificate by endorsement, substantial  
12 equivalency.

13  
14 1. When applicable. A holder of a CPA certificate from a state other than  
15 Virginia and with a principal place of business in a state other than Virginia shall  
16 either obtain a CPA certificate by endorsement as outlined in subsection C of  
17 this section or meet the substantial equivalency requirements of this subsection.

18  
19 2. To implement the provisions of § 54.1-2004.1 A of the Code of Virginia, the  
20 privilege to practice under substantial equivalency shall be evidenced by the  
21 following:

22  
23 a. If the individual's CPA certificate is issued by a state that the board  
24 has determined is substantially equivalent, the CPA certificate issued by  
25 that state shall constitute evidence of the privilege to practice.

26  
27 b. If the individual's CPA certificate is issued by a state that the board  
28 has determined is not substantially equivalent, the CPA certificate holder  
29 shall notify the board in writing that he intends to practice in the  
30 Commonwealth and shall provide documentation acceptable to the  
31 board that he has personally satisfied the requirements for substantial  
32 equivalency. An approval letter from the board shall constitute  
33 evidence of the privilege to practice.

34  
35 c. A CPA certificate by endorsement shall be obtained if the CPA  
36 exercising the privilege to practice under substantial equivalency moves  
37 his principal place of business to Virginia or ceases to have an office in  
38 any other state.

39  
40 3. For the purposes of implementing § 54.1-2004.1 B 2 of the Code of  
41 Virginia relating to the privilege of practicing public accounting extended to  
42 nonresident CPA certificate holders, the board shall determine the state to be  
43 served based on whose statutes and regulations most closely correspond to  
44 those of the Commonwealth of Virginia.

45  
46 4. The board shall determine whether a state meets the substantial equivalency  
47 provisions for nonresident CPA certificate holders by periodically obtaining,

1 reviewing and approving a list of states, which in the opinion of the board, meet  
2 the substantial equivalency provisions for nonresident CPA certificate holders.  
3  
4

5 **18 VAC 5-20-81. Additional requirements for CPAs supervising services involving the**  
6 **practice of public accountancy.**  
7

8 A. When required.  
9

10 1. To implement the provisions of § 54.1-2005 C.7 of the Code of Virginia,  
11 any individual CPA certificate holder who is responsible for supervising services  
12 involving the practice of public accounting, or signs or authorizes another person  
13 to sign, on behalf of the firm, the accountant's report on the financial statement  
14 resulting from the practice of public accounting, shall meet the requirements set  
15 forth in subsection B of this section.  
16

17 2. Nothing in this section is intended to proscribe an individual who does not  
18 have a CPA certificate from affixing his signature to any statement or report for  
19 his employer's internal or management use and designating his position, title or  
20 office.  
21

22 B. Requirements.  
23

24 1. CPA certificate.  
25

26 Any individual desiring to supervise public accountancy services shall hold a  
27 currently valid CPA certificate or CPA certificate by endorsement issued by this  
28 board or shall be in compliance with the substantial equivalency requirements in  
29 18 VAC 5-20-41 F.  
30

31 2. Experience.  
32

33 In addition to the one year of experience required to receive a CPA certificate,  
34 such individual shall have completed one year of additional experience in the  
35 practice of public accounting, as defined in 18 VAC 5-20-10, with not less than  
36 600 of these hours in the performance of audits if the services involve an audit  
37 or not less than 600 of these hours in the performance of reviews or audits if the  
38 services involve a review but not an audit. One year of experience shall consist  
39 of no fewer than 2,000 hours of full or part-time employment that extends over  
40 a period of no less than one year and no more than three years. The experience  
41 must have been gained under the direct supervision of a CPA licensed in any  
42 state. Persons who held a license, as defined in the board's regulations effective  
43 on April 1, 1997, issued by the board and in effect on October 4, 1999, shall  
44 be deemed to have met this experience requirement.  
45  
46

47 **18 VAC 5-20-91. Registration of firms.**

1  
2 \_\_\_\_\_ A. To implement the provisions of § 54.1-2005 B of the Code of Virginia, any firm  
3 with one or more offices in the Commonwealth which practices, directly or indirectly, public  
4 accounting or which uses the term “Certified Public Accountant(s)” or the designation “CPA” in  
5 the name of the firm shall register with the board.

6  
7 \_\_\_\_\_ B. A firm in existence prior to October 4, 1999 that is subject to the peer review  
8 requirement established in 18 VAC 5-20-95 but has not undergone such a review shall comply  
9 with this requirement no later than October 3, 2002. A firm organized after October 3, 1999  
10 shall comply with the peer review requirement established in 18 VAC 5-20-95 no later than the  
11 third anniversary of the issuance of its initial registration.

12  
13 \_\_\_\_\_ C. To implement the provisions of § 54.1-2005 C of the Code of Virginia, any firm  
14 with an office in the Commonwealth providing or offering to provide services involving the  
15 practice of public accounting shall be issued a registration certificate by the board upon its  
16 application and payment of the required fee provided the firm is in compliance with § 54.1-  
17 2005 C of the Code of Virginia.

18  
19 1. Application; requirements, including peer review

20  
21 Each firm shall submit an application on forms provided by the board, which  
22 shall contain the following:

23  
24 a. A statement that the applicant is registering pursuant to § 54.1-2005  
25 B of the Code of Virginia and has complied with each of the  
26 requirements of § 54.1-2005 C of the Code of Virginia.

27  
28 b. A copy of the peer review documents as required by 18 VAC 5-20-  
29 95.

30  
31 c. The designation of a CPA certificate holder that will be the primary  
32 contact for the firm, including a firm with multiple offices.

33  
34 2. Non-CPA Owners

35  
36 To implement § 54.1-2005 C 3 of the Code of Virginia, all non-CPA owners  
37 shall work in the firm. “Work in the firm” shall mean that the non-CPA owner  
38 works full-time for the firm (at least 1,000 hours a year), and that retirees and  
39 owners no longer working full time shall have one year from the last day of their  
40 full-time involvement with the firm to dispose of their interest. Heirs shall have  
41 two years in which to dispose of the ownership interest.

42  
43 \_\_\_\_\_ D. To implement § 54.1-2005 D of the Code of Virginia, any firm with an office in the  
44 Commonwealth that is not engaged in the practice of public accounting but uses the term  
45 “Certified Public Accountant” or the “CPA” designation in its name shall be issued a registration  
46 certificate by the board upon its application and payment of the required fee provided the firm is  
47 in compliance with § 54.1-2005 C 1, 2, 3, and 8 of the Code of Virginia. Any such firm in

1 existence prior to October 4, 1999, that had not previously registered with the board shall  
2 register by November 30, 1999.

3  
4 1. Application, requirement, including peer review.

5  
6 Such firm shall submit an application provided by the board, which application  
7 shall contain the following:

8  
9 a. A statement that the applicant is registering pursuant to § 54.1-2005  
10 D of the Code of Virginia and has complied with each of the  
11 requirements set forth in § 54.1-2005 D of the Code of Virginia.

12  
13 b. A statement that the firm has or has not compiled financial  
14 statements in compliance with SSARS.

15  
16 c. If the firm has compiled financial statements in accordance with  
17 SSARS, a copy of the peer review documents as required by 18 VAC  
18 5-20-95.

19  
20 d. The designation of a CPA certificate holder that will be the primary  
21 contact for the firm, including a firm with multiple offices.

22  
23 2. Non-CPA owners.

24  
25 To implement § 54.1-2005 C 3 of the Code of Virginia, “work in the firm”  
26 means the non-CPA owner works full-time (at least 1,000 hours a year).  
27 Retirees and owners no longer working full time shall have one calendar year  
28 from the last day of their full-time involvement with the firm to dispose of their  
29 interest. Heirs shall have two years in which to dispose of their ownership  
30 interest.

31  
32 E. The fee for a registration certificate is set forth in 18 VAC 5-20-11.

33  
34 E. Pursuant to § 54.1-2005 C 6 of the Code of Virginia, all firms required to obtain  
35 registration certificates shall meet the standards set forth in 18 VAC 5-20-445.

36  
37 G. Registration renewal.

38  
39 Each registration certificate shall be renewed in compliance with 18 VAC 5-20-100.

40  
41  
42 **18 VAC 5-20-95. Peer review.**

43  
44 A. To implement the provisions of §54.1-2005 C 5 and §54.1-2005 D 2 of the Code  
45 of Virginia, registered firms meeting the requirements set forth below shall provide the board  
46 with evidence, as described in subsection E of this section, that the firm has undergone, no less  
47 frequently than every three years, a peer review. Firms not required to register with the board

1 are not required to comply with the peer review requirement.  
2

3 B. When required. If a firm performs the services described in subsection D of this  
4 section, a peer review is required and the firm shall provide evidence of such peer review to the  
5 board in accordance with the dates set forth in subsection C of this section.  
6

7 C. Applicable dates.  
8

9 1. Evidence of a peer review is not required for an initial or renewal  
10 application for a registration certificate filed prior to January 1, 2002.  
11

12 2. Initial or renewal applications due after December 31, 2001, are  
13 required to include evidence of a peer review subject to the following  
14 exceptions:  
15

16 a. A firm first initiating services requiring a peer review shall comply  
17 with the peer review requirement within three years of first initiating  
18 services requiring a peer review. If such firm had not previously  
19 registered with the board, then registration is required prior to initiating  
20 services requiring registration and evidence of a timely peer review shall  
21 be provided with the first application for renewal immediately following  
22 the aforementioned three year period. If such firm had previously  
23 registered with the board, evidence of a timely peer review shall be  
24 provided with the renewal application immediately following the end of  
25 the aforementioned three year period.  
26

27 b. A firm first initiating services that require a level of review, as  
28 described in subsection D of this section, that is higher than previously  
29 required, shall comply with the higher peer review requirement within  
30 three years of the date of first initiating the higher level of services  
31 requiring a higher level of peer review. If such firm had not previously  
32 registered with the board, then registration is required prior to initiating  
33 the higher level of services requiring registration and evidence of a timely  
34 peer review applicable to the higher level service shall be provided with  
35 the first application for renewal immediately following the  
36 aforementioned three year period. If such firm had previously  
37 registered with the board, evidence of a timely peer review applicable  
38 to the higher level services shall be provided with the renewal  
39 application immediately following the end of the aforementioned three  
40 year period.  
41

42 c. If the firm submits with its application, either initial or renewal,  
43 evidence of a peer review that was not performed pursuant to standards  
44 that the board deems are no less stringent than the peer review program  
45 of the American Institute of Certified Public Accountants, then such firm  
46 shall submit evidence of a peer review performed in accordance with  
47 standards that are no less stringent than those of the American Institute

1 of Certified Public Accountants by the due date of its next application  
2 for renewal. No further extensions will be permitted. Those who fail to  
3 comply by this date are subject to disciplinary action.  
4

5 D. Services requiring and nature of peer reviews. The nature of the services  
6 requiring a peer review and the nature of such reviews are set forth below.  
7

8 1. System review. This review applies to firms that perform engagements  
9 under the Statements on Auditing Standards (SASs) or examinations of  
10 prospective financial information under the Statements on Standards for  
11 Attestation Engagements (SSAEs), as established by the American Institute of  
12 Certified Public Accountants, or the *Government Auditing Standards* (the  
13 Yellow Book) issued by the U. S. General Accounting Office (GAO).  
14

15 a. Nature of review. This review shall result in a report that (i)  
16 expresses an unmodified opinion on the firm's system of quality control  
17 for the practice involving the services described in subdivision 1 of this  
18 subsection, or (ii) expresses a modified opinion, which modifications are  
19 satisfactorily resolved as evidenced by a final acceptance letter from the  
20 administering entity. Such reviews shall be performed and reported in  
21 accordance with standards that are no less stringent than the peer  
22 review program of the American Institute of Certified Public  
23 Accountants.  
24

25 2. Engagement review. This review is required for firms that are not  
26 required to have a system review and who are not eligible to have a report  
27 review as described in subdivision 3 of this subsection. It applies to registered  
28 firms that do not perform engagements in accordance with SASs or  
29 examinations of prospective financial statements under the SSAEs but do  
30 perform engagements in accordance with the Statements on Standards for  
31 Accounting and Review Services (SSARSs) or review engagements in  
32 accordance with the SSAEs, both as established by the American Institute of  
33 Certified Public Accountants.  
34

35 a. Nature of review. This review shall result in a report that indicates  
36 whether anything came to the reviewer's attention that caused the  
37 reviewer to believe that the reports submitted did not comply with the  
38 requirements of professional standards in all material respects or, if  
39 applicable, describe the general nature of significant departures from  
40 those standards, or, if adverse, a statement that the firm did not comply  
41 with the requirements of professional standards in all material respects.  
42 Such reviews shall be performed and reported in accordance with  
43 standards that are no less stringent than the peer review program of the  
44 American Institute of Certified Public Accountants.  
45

46 3. Report review. This review applies to firms that only perform  
47 compilations, as described in the SSARSs, that omit substantially all disclosures.



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a. Nature of review. This review shall result in a report that lists comments and recommendations based on whether the financial statements and the related accountant's report appear to conform with the requirements of the aforementioned standards in all material respects. Such reviews shall be performed and reported in accordance with standards that are no less stringent than the peer review program of the American Institute of Certified Public Accountants.

E. Required evidence of peer review.

1. The applicant for an initial or a renewal registration certificate shall attach a copy of the final acceptance letter from the entity administering the peer review program as evidence that the firm has obtained the required peer review. A copy of this letter shall generally be considered evidence, however, the board reserves the right to request a copy of the peer review report or any other document relating to the peer review program.

1 **PART III**  
2 **RENEWAL/REINSTATEMENT OF CPA CERTIFICATE AND REGISTRATION**  
3 **CERTIFICATE AND OTHER GENERAL REQUIREMENTS.**  
4  
5

6 **18 VAC 5-20-100. Requirement for renewal.**  
7

8 \_\_\_\_\_ A. Each CPA certificate issued under the provisions of this chapter shall expire one  
9 year from the last day of the month wherein the initial CPA certificate was issued and shall be  
10 renewable for periods of one year thereafter, except for CPA certificates with a September 30,  
11 2000 expiration date. Each CPA certificate that expires on September 30, 2000 shall be  
12 renewed in a manner to implement a staggered renewal system, whereby all CPA certificates  
13 expiring on September 30, 2000 shall be renewed so as to cause an approximately equal  
14 number of CPA certificates to expire each month during the 12-month cycle beginning in  
15 March, 2001 and ending in February 2002. The fee during this initial implementation period will  
16 include a prorata charge or credit for the period between March 31, 2001 and February 28,  
17 2002.  
18

19 \_\_\_\_\_ B. Each registration certificate shall expire two years from the last day of the month  
20 wherein issued and shall be renewable for periods of two years thereafter.  
21

22 \_\_\_\_\_ C. Registration certificates issued to professional corporations and professional limited  
23 liability companies, in accordance with the regulations of the board in effect beginning on April  
24 1, 1997 shall become void on November 30, 1999. Those firms shall register with the board in  
25 compliance with the requirements of 18 VAC 5-20-91 no later than November 30, 1999. A  
26 pro rata credit for the unexpired term of any existing registration certificate will be credited  
27 against the fee for the registration required by this subsection.  
28

29 \_\_\_\_\_ D. Renewal notices will be mailed to the regulant at the last known address of record.  
30 Failure to receive written notice does not relieve the regulant of the requirement to renew and  
31 pay the required fee. The date the board receives the renewal notice and fee shall determine  
32 whether other fees established by 18 VAC 5-20-11 are payable. Fees shall not be refunded or  
33 prorated.  
34

35 \_\_\_\_\_ E. Fees for renewal of a CPA certificate and a registration certificate are established in  
36 18 VAC 5-20-11.  
37

38 **F. Representations.**  
39

40 1. An individual holding a CPA certificate issued by the board shall submit a  
41 renewal application provided by the board, which application shall contain a  
42 statement that the applicant (i) has complied with the board's standards of conduct  
43 and applicable standards of practice; (ii) has met the applicable continuing  
44 professional education (CPE) requirements set forth in § 54.1-2004 B of the Code  
45 of Virginia, § 54.1-2004 C of the Code of Virginia and 18 VAC 5-20-451 for the  
46 three years prior to the year the renewal application is submitted; and (iii) has met  
47 the requirements set forth in 18 VAC 5-20-81 B if the CPA certificate holder is

1           responsible for supervising services involving the practice of public accounting, or  
2           signs or authorizes another person to sign the accountant's report on the financial  
3           statement on behalf of the firm.

4  
5           2. A firm practicing public accounting and holding a registration certificate issued by  
6           the board shall submit (i) a renewal application provided by the board that shall  
7           contain a statement that the registrant has complied with the board's standards of  
8           conduct and applicable standards of practice, and the requirements of § 54.1-2005  
9           C of the Code of Virginia relating to firm ownership; and (ii) a copy of the peer  
10           review report and the letter from the supervising entity accepting the report as  
11           evidence that it has undergone, no less frequently than once every three years, a  
12           peer review that expresses an opinion on the firm's system of quality control if the  
13           firm performed auditing, accounting or attestation engagements providing some level  
14           of assurance, or a report review if the firm compiled financial statements but did not  
15           perform auditing, accounting or attestation engagements providing some level of  
16           assurance during the three years preceding the calendar year in which the  
17           application is received. Such reviews shall be performed and reported in  
18           accordance with standards that are no less stringent than the peer review program  
19           of the American Institute of Certified Public Accountants. If the peer review report  
20           describes material deficiencies, the firm must provide evidence from the reviewer or  
21           supervising entity that the firm has corrected any material deficiencies within the time  
22           period set forth in the aforementioned standards or one year from the date of the  
23           peer review report, whichever is shorter. A firm in existence prior to October 4,  
24           1999 that is subject to the aforementioned requirement but has not undergone such  
25           a review must comply with this requirement by June 30, 2002.

26  
27           G. The board shall deny the renewal application if the regulant fails to meet the renewal  
28           requirements.

29  
30           H. If the required renewal fee is received more than 30 days after the expiration date  
31           but within one year after the expiration date, a late fee will be charged in addition to the renewal  
32           fee as provided for in 18 VAC 5-20-11.

33  
34  
35           **18 VAC 5-20-110. Requirement for reinstatement.**

36  
37           In addition to meeting the requirements for renewal set forth in 18 VAC 5-20-100, a  
38           regulant shall comply with the following requirements if the regulant fails to renew within 12  
39           months after the expiration of the applicable certificate:

40  
41           1. If the regulant fails to renew his CPA certificate or registration certificate within 12  
42           months following its expiration or voluntary termination by the holder of a CPA  
43           certificate or registration certificate, he will be required to present reasons for  
44           reinstatement.

45  
46           2. No application for reinstatement shall be considered while the petitioner is under  
47           sentence for criminal offense related to the practice of accountancy, including any period

1 during which the petitioner is on probation or parole for such offense.  
2

3 3. Reinstatement fees, which are nonrefundable and shall not be prorated, are  
4 established in 18 VAC 5-20-11.  
5

6 4. Applicants for reinstatement of the CPA certificate shall affirm on a form provided  
7 by the board that they continue to meet the standards for entry as set forth in 18 VAC  
8 5-20-20, and for renewal as set forth in 18 VAC 5-20-100. Applicants for  
9 reinstatement of the registration certificate shall affirm on a form provided by the board  
10 that they continue to meet the standards of conduct and applicable standards of  
11 practice, and the renewal requirements set forth in 18 VAC 5-20-100.  
12

13 5. If the regulant has failed to renew his CPA certificate or registration certificate for a  
14 period of 12 months or longer, a reinstatement fee, as set forth in 18 VAC 5-20-11,  
15 shall be due in addition to the renewal fee and late renewal fee established in 18 VAC  
16 5-20-11.  
17

18 6. The renewal fee and late fee for each renewal period in which the regulant failed to  
19 renew his CPA certificate or registration certificate shall be paid as set forth in 18 VAC  
20 5-20-11.  
21

22 7. If the above requirements are not met, the board shall advise the applicant that  
23 reinstatement has been denied and the reasons for the denial. The reinstatement request  
24 may be resubmitted when the applicant believes the matters affecting the reinstatement  
25 application have been satisfactorily resolved. The reinstatement applicant may request a  
26 proceeding in accordance with the provisions of the Administrative Process Act (§ 9-  
27 6.14:4.1 et seq. of the Code of Virginia).  
28  
29

30 **18 VAC 5-20-111. Status of certificate holder during the period prior to reinstatement.**  
31

32 \_\_\_\_\_ A regulant who is reinstated shall be regarded as having been a regulant continuously  
33 without interruption. Therefore, the regulant shall remain under the disciplinary authority of the  
34 board during this entire period and may be held accountable for his activities during this period.  
35 A regulant who is not reinstated shall be regarded as unlicensed from the expiration date of the  
36 CPA certificate or registration certificate forward. Nothing in these regulations shall divest the  
37 board of its authority to discipline a regulant for a violation of the law or regulations during the  
38 period of time for which the regulant held a CPA certificate or registration certificate.  
39  
40

41 **18 VAC 5-20-112. Notification of change of address or name, response to board**  
42 **communication.**  
43

44 \_\_\_\_\_ A. Each regulant shall notify the board in writing within 30 days of any change of  
45 address or name.  
46

47 \_\_\_\_\_ B. Each regulant shall respond within 30 days to any request for information made by

- 1 the board.
- 2
- 3

**PART IV.**  
**STANDARDS OF CONDUCT.**

---

**18 VAC 5-20-441. Standards of conduct for all regulants.**

Regulants shall adhere to the following standards of conduct:

A. Responsibilities.

A regulant shall exercise sensitive professional and moral judgment in all activities.

B. Public interest.

A regulant shall act in a way that serves the public interest, honors the public trust, and demonstrates commitment to professionalism.

C. Integrity and objectivity.

A regulant shall perform all professional responsibilities with the highest sense of integrity, maintain objectivity and freedom from conflicts of interest in discharging professional responsibilities, and avoid knowingly misrepresenting facts or inappropriately subordinating his judgment to others.

D. Independence.

A CPA certificate holder and registration certificate holder shall be independent in fact and appearance when offering to provide or providing services pursuant to the standards listed in the definition of "standards of practice for CPA certificate holders."

E. Professional competence.

A regulant shall undertake only those professional services that can reasonably be expected to be completed with professional competence.

F. Due professional care.

A regulant shall exercise due professional care in the performance of professional services.

G. Planning and supervision.

A regulant shall adequately plan and supervise the performance of professional services.

1           H. Sufficient relevant data.

2  
3           A regulant shall obtain sufficient relevant data to afford a reasonable basis for  
4           conclusions or recommendations in relation to any professional services  
5           performed.

6  
7           I. Accounting principles.

8  
9           A CPA certificate holder shall not express an opinion or state affirmatively that  
10          financial statements or other financial data of any entity are presented in  
11          conformity with generally accepted accounting principles or state that the CPA  
12          certificate holder is not aware of any material modifications that should be made  
13          to such statements or data in order for them to be in conformity with generally  
14          accepted accounting principles, if such statements or data contain any departure  
15          from any of the standards described in the definition of the “standards of  
16          practice for CPA certificate holders” that has a material effect on the statements  
17          or data taken as a whole with the following exception: the CPA certificate  
18          holder can demonstrate that, due to unusual circumstances, the financial  
19          statements or data would otherwise have been misleading without the departure,  
20          and the approximate effects of the departure, if practicable, and the reasons  
21          why compliance with the principle would result in a misleading statement are  
22          provided in the statements or data.

23  
24          J. Confidential client information.

25  
26          A regulant shall not disclose any confidential client information without the  
27          specific consent of the client. This rule shall not be construed to (i) affect in any  
28          way the regulant's obligation to comply with a validly issued and enforceable  
29          subpoena or summons, or to prohibit a regulant's compliance with applicable  
30          laws and government regulations, (ii) prohibit review of a regulant's professional  
31          practice by this board, (iii) prohibit a review in conjunction with a prospective  
32          purchase, sale or merger of all or part of a regulant's practice so long as the  
33          regulant takes appropriate precautions (e.g., through a written confidentiality  
34          agreement) so that the prospective purchaser does not disclose any information  
35          obtained in the course of the review, or (iv) prohibit a review in conjunction with  
36          a peer review of a firm as provided in 18 VAC 5-20-95. The reviewers of  
37          such information shall not use to their advantage nor disclose any regulant's  
38          confidential client information that comes to their attention.

39  
40          K. Contingent fees.

41  
42          As provided in § 54.1-2007 D 2 and 3 of the Code of Virginia, a CPA  
43          certificate holder shall not perform for a contingent fee: (i) any services for, or  
44          receive such a fee from, a client for whom the CPA certificate holder or the  
45          CPA certificate holder's firm performs services which involve the practice of  
46          public accounting, during the period when such services are being provided and  
47          during the period covered by the financial statements; or (ii) prepare an original

1 tax return or claim for a tax refund for a contingent fee for any client.  
2

3 L. Commissions and referral fees.  
4

5 1. Prohibited Commissions. As provided in § 54.1-2007 D.1 of the Code of  
6 Virginia, a CPA certificate holder shall not recommend to a client any product  
7 or services for a commission, or, for a commission, recommend or refer any  
8 product or service to be supplied by a client, or receive a commission when the  
9 CPA certificate holder also performs for that client any service which involves  
10 the practice of public accounting. This prohibition applies during the period in  
11 which the CPA certificate holder is providing services which involve the giving  
12 of an assurance or during the period covered by any financial statements that  
13 were prepared by the CPA certificate holder as a part of such services.  
14

15 2. Disclosure of Permitted Commissions. As provided in § 54.1-2007 E of the  
16 Code of Virginia, a CPA certificate holder who is not prohibited from accepting  
17 a commission and who is paid or expects to be paid a commission shall disclose  
18 that fact to any person or entity to whom the CPA certificate holder  
19 recommends or refers a product or service to which the commission applies.  
20

21 3. Disclosure of Referral Fees. As provided in § 54.1-2007 F of the Code of  
22 Virginia, a CPA certificate holder who accepts a referral fee for recommending  
23 or referring any service of a CPA certificate holder shall disclose such payment  
24 to the client.  
25

26 M. Acts discreditable.  
27

28 A regulant shall not commit acts discreditable to the profession, as listed in §  
29 54.1-2006 of the Code of Virginia and this chapter.  
30

31 N. Advertising and other forms of solicitation.  
32

33 A regulant shall not seek to obtain clients by advertising or other forms of  
34 solicitation in a manner that is false, misleading, or deceptive, or by coercion,  
35 overreaching or harassing conduct.  
36

37 O. Form of organization and name.  
38

39 A regulant shall not practice under a firm name that is false, misleading or  
40 deceptive.  
41



1 **PART V.**  
2 **STANDARDS OF PRACTICE FOR CPA CERTIFICATE HOLDERS.**  
3

4  
5 **18 VAC 5-20-442. Standards of practice for CPA certificate holders involved in the**  
6 **practice of public accounting or compiling financial statements.**  
7

8 CPA certificate holders shall follow the standards, as applicable under the  
9 circumstances, set forth below in providing services involving the practice of public accounting  
10 or compiling financial statements:  
11

12 1. Statements of Financial Accounting Standards issued by the Financial  
13 Accounting Standards Board  
14

15 2. Accounting Principles Promulgated by the Accounting Principles Board of the  
16 American Institute of Certified Public Accountants  
17

18 3. Accounting Principles Promulgated by the Committee on Accounting Procedure  
19 of the American Institute of Certified Public Accountants  
20

21 4. Statements on Auditing Standards issued by the Auditing Standards Board of  
22 the American Institute of Certified Public Accountants  
23

24 5. Statements on Standards for Accounting and Review Services issued by the  
25 American Institute of Certified Public Accountants  
26

27 6. Statements of Governmental Accounting and Financial Reporting Standards  
28 issued by the Governmental Accounting Standards Board  
29

30 7. Statements on Governmental Auditing Standards issued by the Comptroller  
31 General of the United States  
32

33 8. Statements on Standards for Attestation Engagements issued by the Accounting  
34 and Review Services Committee of the American Institute of Certified Public  
35 Accountants  
36

37 9. Standards issued by various governmental bodies with which the auditor is  
38 required to comply  
39

40  
41 **18 VAC 5-20-443. Standards of practice for CPA certificate holders providing tax**  
42 **compliance and advice.**  
43

44 In addition to the standards of conduct established in 18 VAC 5-20-441, CPA  
45 certificate holders who provide tax compliance and tax advisory services shall comply with the  
46 following standards of practice:  
47

1           1. Due diligence.

2  
3           A CPA certificate holder shall exercise due diligence as to accuracy in  
4           preparing, approving and filing, tax returns, documents, affidavits, and other  
5           papers relating to income tax matters.

6  
7           2. Tax return positions.

8  
9           a. A CPA certificate holder shall not recommend to a client that a position  
10          be taken with respect to the tax treatment of any item on a return unless the  
11          CPA certificate holder has a good faith belief that the position has a realistic  
12          possibility of being sustained administratively or judicially on its merits if  
13          challenged, or prepare or sign a return as an income tax return preparer if the  
14          CPA certificate holder knows that the return takes a position that the CPA  
15          certificate holder could not recommend under the aforementioned standard,  
16          except that a CPA certificate holder may recommend a position that the CPA  
17          certificate holder concludes is not frivolous so long as the position is adequately  
18          disclosed on the return or claim for refund.

19  
20          b. In recommending certain tax return positions and in signing a return on  
21          which a tax return position is taken, a CPA certificate holder shall advise the  
22          client, where relevant, as to the potential penalty consequences of the  
23          recommended tax return position and the opportunity, if any, to avoid such  
24          penalties through disclosure.

25  
26          c. A CPA certificate holder shall not recommend a tax return position that  
27          exploits the tax authority's tax election process, or serves as a mere "arguing"  
28          position advanced solely to obtain leverage in the bargaining process of  
29          settlement negotiation with the tax authority.

30  
31          3. Answers to questions on returns.

32  
33          A CPA certificate holder shall make a reasonable effort to obtain from the  
34          client, and provide, appropriate answers to all questions on a tax return before  
35          signing as preparer.

36  
37          4. Certain procedural aspects of preparing returns.

38  
39          a. In preparing or signing a return, the CPA certificate holder may in good  
40          faith rely without verification upon information furnished by the client or by third  
41          parties; however, the CPA certificate holder shall not ignore the implications of  
42          information furnished and shall make reasonable inquiries if the information  
43          furnished appears to be incorrect, incomplete, or inconsistent either on its face  
44          or on the basis of other facts known to the CPA certificate holder.

45  
46          b. Where the tax authority imposes a condition to deductibility or other tax  
47          treatment of an item (such as taxpayer maintenance of books and records or

1 substantiating documentation to support the reported deduction or tax  
2 treatment), the CPA certificate holder shall make appropriate inquiries to  
3 determine to the CPA certificate holder's satisfaction whether conditions for  
4 deductibility or other tax treatment of an item (such as taxpayer maintenance of  
5 books and records or substantiating documentation to support the reported  
6 deduction or tax treatment) has been met.

7  
8 c. The CPA certificate holder who is required to sign the return shall  
9 consider information actually known to the CPA certificate holder from the tax  
10 return of another client when preparing a tax return if the information is relevant  
11 to that tax return, its consideration is necessary to properly prepare that tax  
12 return, and use of such information does not violate any law or rule relating to  
13 confidentiality.

14  
15 5. Use of estimates.

16  
17 A CPA certificate holder may prepare tax returns involving the use of the  
18 taxpayer's estimates if it is impracticable to obtain exact data and the estimated  
19 amounts are reasonable under the facts and circumstances known to the CPA  
20 certificate holder and so long as the presentation does not imply greater  
21 accuracy than exists.

22  
23 6. Departure from a position previously concluded in an administrative proceeding  
24 or court decision.

25  
26 A CPA certificate holder shall base a recommendation of a position to be taken  
27 concerning the tax treatment of an item in the preparation or signing of a tax  
28 return upon the facts and the law as they are evaluated at the time the return is  
29 prepared or signed by the CPA certificate holder.

30  
31 7. Knowledge of error: return preparation.

32  
33 a. A CPA certificate holder shall inform the client promptly upon  
34 becoming aware of an error in a previously filed return or upon becoming aware  
35 of a client's failure to file a required return and recommend the measures to be  
36 taken.

37  
38 b. If the CPA certificate holder is requested to prepare the current year's  
39 return and the client has not taken appropriate action to correct an error in a  
40 prior year's return, the CPA certificate holder shall consider whether to  
41 withdraw from preparing a return and whether to continue a professional  
42 relationship with a client.

43  
44 8. Knowledge of error: administrative proceedings.

45  
46 When the CPA certificate holder is representing a client in an administrative  
47 proceeding with respect to a return which contains an error of which the CPA

1            certificate holder is aware, the CPA certificate holder shall inform the client  
2            promptly upon becoming aware of the error, recommend the measures to be  
3            taken, and request the client's agreement to disclose the error to the tax  
4            authority. Lacking such agreement, the CPA certificate holder shall consider  
5            whether to withdraw from representing the client in the administrative  
6            proceeding and whether to continue in a professional relationship with the client.

7  
8            9. Form and content of advice to clients.

9  
10           a. In providing tax advice, the CPA certificate holder shall use judgment to  
11           ensure that the tax advice given to a client reflects professional competence and  
12           appropriately serves the client's needs.

13  
14           b. In advising or consulting with a client on tax matters, the CPA certificate  
15           holder shall assume that the advice or consultation provided a client on tax  
16           matters will affect the manner in which the matters or transactions considered  
17           ultimately will be reported on the client's tax returns.

18  
19  
20           **18 VAC 5-20-444. Standards of practice for CPA certificate holders providing**  
21           **consulting services.**

22  
23           A CPA certificate holder providing management consulting advisory services shall  
24           comply with the following standards of practice:

25  
26           1. Client interest.

27  
28           Serve the client interest by seeking to accomplish the objectives established by  
29           the understanding with the client while maintaining integrity and objectivity.

30  
31           2. Understanding with client.

32  
33           Establish with the client a written or oral understanding about the responsibilities  
34           of the parties and the nature, scope, and limitations of services to be performed,  
35           and modify the understanding if circumstances require a significant change  
36           during the engagement.

37  
38           3. Communication with client.

39  
40           Inform the client of (a) conflicts of interest that may occur pursuant to  
41           interpretations of the standards of conduct established in 18 VAC 5-20-441,  
42           (b) significant reservations concerning the scope of benefits of the engagement,  
43           and (c) significant engagement findings or events.  
44  
45

1 **PART VI**  
2 **STANDARDS OF PRACTICE FOR FIRMS HOLDING REGISTRATION**  
3 **CERTIFICATES.**  
4  
5

6 **18 VAC 5-20-445. Standards of practice for firms holding registration certificates.**  
7

8 A. Use of terms by firms.  
9

10 No firm having an office in Virginia shall use or assume the title or designation  
11 “certified public accountant,” “public accountant,” “CPA,” or any other title,  
12 designation, phrase, acronym, abbreviation, sign, card, or device tending to  
13 indicate that it is offering to practice or is practicing public accountancy unless at  
14 least fifty-one percent of the owners currently hold a valid CPA certificate or  
15 CPA certificate by endorsement.  
16

17 B. Management of offices.  
18

19 Each firm’s office or offices located in Virginia that is offering services involving  
20 the practice of public accountancy shall be managed by a certified public  
21 accountant holding a valid CPA certificate.  
22

23 C. Client's records.  
24

25 Upon request, a firm shall furnish to the firm's client or former client, within a  
26 reasonable time, any accounting or other record prepared by and belonging to  
27 the client, or obtained from or on behalf of the client, which the regulant or  
28 another member of his firm removed from the client or the client’s premises, or  
29 had received for the client's account.  
30

31 D. Ownership of regulant's working papers and records.  
32

33 All working papers, including but not limited to statements, programs, records,  
34 schedules, and memoranda, prepared by the regulant incident to rendering  
35 services to a client are the property of the regulant's firm absent an express  
36 agreement between the firm and the client to the contrary. Such working  
37 papers shall not be sold, transferred, or bequeathed, to anyone other than a  
38 regulant without the consent of the client, except this rule shall not be construed  
39 to (i) affect in any way the regulant's obligation to comply with a validly issued  
40 and enforceable subpoena or summons, or to prohibit a regulant's compliance  
41 with applicable laws and government regulations, or (ii) prohibit a transfer to  
42 another firm licensed in Virginia in conjunction with a sale or merger of all or  
43 part of a member's practice so long as the regulant takes appropriate  
44 precautions (e.g., through a written confidentiality agreement) so that the  
45 purchaser or merging entity does not disclose any information obtained in the  
46 transaction. The purchaser or party to a merger shall not use to their advantage  
47 nor disclose any member's confidential client information that comes to their

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attention.

E. Peer review.

If required, a firm shall comply with the peer review requirements of 18 VAC 5-20-95.

E. Power of inspection.

The board and its duly authorized agents shall have the power to inspect the work product and all supporting working papers and records of all regulants in connection with an investigation or relating to compliance with statutes and regulations.

1  
2 **PART VII**  
3 **CONTINUING PROFESSIONAL EDUCATION**  
4

5 **18 VAC 5-20-451. Continuing professional education requirements for CPA certificate**  
6 **holders.**  
7

8 A. CPE requirements for CPA certificate renewal.  
9

10 1. As provided in § 54.1-2004 B of the Code of Virginia, any person referring  
11 to himself as a Certified Public Accountant or “CPA,” including the use of the  
12 “CPA” title on individual business cards, letterhead and all other documents and  
13 devices except the CPA certificate, and who is performing or offering to  
14 perform any services involving accounting skills or auditing skills, issuing reports  
15 on financial advisory or consulting services, preparing tax returns, or furnishing  
16 advice on tax matters, for the public, shall obtain 120 hours of continuing  
17 professional education (CPE) during each CPE reporting cycle with a minimum  
18 of 20 hours per CPE reporting year. The CPA certificate holder may choose  
19 the areas of study and courses.  
20

21 2. Any person covered by this provision who, prior to implementation of §  
22 54.1-2004 B of the Code of Virginia on October 4, 1999, provided one or  
23 more of the services described in subdivision 1 of this subsection but was not  
24 required to obtain CPE, shall obtain at least 20 hours of CPE in each of the  
25 CPE reporting years 2000, 2001 and 2002 and meet the 120 hour requirement  
26 for the reporting cycle ending June 30, 2002.  
27

28 3. Any person commencing the services described in subdivision 1 of this  
29 subsection after December 31, 2000, shall have obtained 40 hours of CPE  
30 within the year preceding the date such services are first offered to the public  
31 and obtain the remaining 80 hours of CPE by the end of the second CPE  
32 reporting year following the date of commencing such services with no less than  
33 20 hours in each of these two CPE reporting years.  
34

35 4. The June 30 CPE reporting year commenced on July 1, 1999 for purposes  
36 of CPE certificate renewals on or after September 30, 2000. For purposes of  
37 initial adoption of a June 30 CPE reporting year, CPE credits obtained during  
38 the six-month period ended June 30, 1999 may be included in the CPE  
39 reporting year ending June 30, 2000.  
40

41 5. As provided in § 54.1-2004 C of the Code of Virginia, effective July 1,  
42 2002, any person referring to himself as a Certified Public Accountant or  
43 “CPA,” including the use of the “CPA” title on individual business cards,  
44 letterhead and all other documents and devices except the CPA certificate, and  
45 who is performing or offering to perform any services involving accounting skills  
46 or auditing skills, issuing reports on financial advisory or consulting services,  
47 preparing tax returns, or furnishing advice on tax matters, for an employer or

1            other organization and not for the public, or who is employed as an educator in  
2            the field of accounting, shall meet the following CPE requirements as a condition  
3            of renewal of the person's CPA certificate: (i) for the three-year reporting  
4            period beginning July 1, 2002, a minimum of 45 credit hours with a minimum of  
5            10 hours per year, (ii) for the three-year reporting period beginning July 1,  
6            2005, a minimum of 90 credit hours with a minimum of 15 hours per year, and  
7            (iii) for the three-year reporting periods beginning on or after July 1, 2008, a  
8            minimum of 120 credit hours with a minimum of 20 hours per year. The CPA  
9            certificate holder may choose the areas of study and courses.

10  
11            6. Individuals failing to meet the CPE requirements may be subject to re-  
12            qualification, including possible re-examination and submission of experience  
13            qualifications. The board may, at its discretion, waive or defer CPE  
14            requirements so long as such waiver or deferral is in the public interest.

15  
16            B. Requirements for retaining records.

17  
18            1. It is the responsibility of the CPA certificate holder to retain evidence of  
19            satisfactory completion of CPE credit hours for a period of three years from the  
20            anniversary date of renewal. Such documentation shall be in the form of the  
21            certificate of completion provided by the sponsor or verification from the  
22            institution offering the course.

23  
24            2. The CPA certificate holder shall provide such documentation to the board  
25            or its authorized agent upon request.

26            C. Continuing professional education credit.

27            1. One credit hour shall be given for each 50-minute period of  
28            instruction. One semester hour of college credit is 15 CPE credit hours and  
29            one quarter hour of college credit is 10 CPE credit hours.

30            2. A CPA certificate holder who instructs courses which qualify for CPE  
31            credit for participants will be awarded two additional hours of CPE for each  
32            credit hour of instruction. The instructor shall retain evidence to support the  
33            request for credit. The instructor shall be given no credit for subsequent  
34            sessions involving substantially identical subject matter. The credit given for  
35            instructing shall not exceed 30 credit hours per CPE three-year period.

36            3. CPE credit hours for successful completion of a self-study course shall be  
37            established by the sponsor according to the type of CPE self-study program  
38            and pre-tests to determine average completion time. Interactive self-study  
39            programs shall receive CPE credit equal to the average completion time.  
40            Noninteractive self-study programs shall receive CPE credit equal to one-half of  
41            the average completion time. For example, an interactive self-study program  
42            that takes an average of two contact hours to complete shall receive two CPE  
43            credit hours, and a noninteractive self-study program that takes an average of  
44            two contact hours to complete shall receive one CPE credit hour.



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I certify that this regulation is full, true, and correctly dated.

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David E. Dick, Assistant Director  
Department of Professional and Occupational Regulation  
Board of Accountancy

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