

Thursday, June 24, 2021

Board Meeting Agenda

Board Room #3
2nd Floor Conference Center
9960 Mayland Drive
Henrico, VA 23233

Join by phone at (US) +1 240-428-7805 PIN: 243 912 002#
or by Google Meets at meet.google.com/csq-juyk-dtm

- 10 a.m. Call to Order – **D. Brian Carson, CPA, CGMA, Chair**
Security Briefing – **Patti Hambright, Administrative Assistant**
Determination of Quorum
Approval of June 24, 2021, Agenda
Approval of May 27, 2021, Board meeting minutes
Approval of Consent Agenda:
Consent Orders:
- 2020-061-034D (Warwick)
- Public comment period*
- 10:15 a.m. 1. APA – FY2020 Audit Exit – **DeAnn Compton, CPA, Audit Director, Auditor of Public Accounts**
- 10:30 a.m. 2. Committee Updates – **D. Brian Carson, CPA, CGMA, Chair**
- NASBA Communications Committee – **D. Brian Carson, CPA, CGMA, Chair**
 - NASBA Enforcement Resources Committee – **William R. Brown, CPA**
 - NASBA Administration and Finance Committee – **Laurie A. Warwick, CPA, Vice Chair**
 - NASBA Education Committee – **Nadia A. Rogers, CPA**
 - AICPA’s Information Systems and Controls Task Force – **Nadia A. Rogers, CPA**
- 10:30 a.m. 3. Executive Director’s Report – **Nancy Glynn, CPA, Executive Director**
- General updates
 - Financial and Board Report update – **Renai Reinholtz, Deputy Director**
 - FY2022 proposed budget (Decision)– **Renai Reinholtz, Deputy Director**
 - Enforcement update – **Amanda E. M. Blount, Enforcement Director**
- 11 a.m. 4. Board Discussion Topics – **D. Brian Carson, CPA, CGMA, Chair**
- 2022 Ethics VBOA Segment topics – **William R. Brown, CPA**
 - License renewal process
 - CPE reporting
 - CPE reciprocity
 - Inactive status
 - MLO upgrade progress – **Nancy Glynn, CPA, Executive Director**
 - Update on renewals – **Nancy Glynn, CPA, Executive Director**

- CPA Evolution – model – **Nadia A. Rogers, CPA**
- S.M.A.R.T. Goals update – **Nancy Glynn, CPA, Executive Director**
 - Enforcement milestones
 - CPE guidelines

12 p.m. 5. Adjourn for lunch

12:30 p.m. 6. Board Discussion Topics, continued

1:30 p.m. 7. Additional Items for Discussion

- Sign Conflict of Interest forms
- Sign Travel Expense vouchers
- Future meeting dates
 - August 31, 2021
 - September 30, 2021
 - November 30, 2021
 - January 2022
 - April 2022
 - May (planning meeting) 2022
 - June 2022

2 p.m. 8. Closed Session
Enforcement – **Amanda E. M. Blount, Enforcement Director**

- OAG updates
- Final Orders
 - 2018-453-402C (Blount, Burkarth and Glynn)
 - 2018-463-408C (Blount, Burkarth and Glynn)
 - 2020-141-141C (Blount, Burkarth and Glynn)
 - 2020-244-244C (Burkarth and Glynn)

3 p.m. Adjournment

***For those attending the meeting virtually, any public comments must be emailed to boa@boa.virginia.gov with the subject line: Board meeting public comments and received by June 22, 2021.**

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



**Board Meeting
May 27, 2021
Draft/Unapproved minutes**

The Virginia Board of Accountancy met on Thursday, May 27, 2021, in Board Room #4 of the Perimeter Center, 9960 Mayland Drive, Henrico, Virginia 23233.

MEMBER PRESENT: W. Barclay Bradshaw, CPA

MEMBERS APPEARING VIRTUALLY: D. Brian Carson, CPA, CGMA, Chair
Laurie A. Warwick, CPA, Vice Chair
Jay Bernas
William R. Brown, CPA
Nadia A. Rogers, CPA

MEMBER ABSENT: Wendy P. Lewis, CPA

LEGAL COUNSEL APPEARING VIRTUALLY: James Flaherty, Assistant Attorney General,
Office of the Attorney General

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

MEMBERS OF THE PUBLIC PRESENT: Emily Walker, CAE, Vice President, Advocacy, Virginia Society of Certified Public Accountants
Amy Mawyer, Vice President, Learning, Virginia Society of Certified Public Accountants

CALL TO ORDER

Mr. Carson called the meeting to order at 10 a.m.

DETERMINATION OF QUORUM

Mr. Carson determined there was a quorum present.

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SECURITY BRIEFING

Ms. Hambright provided the emergency evacuation procedures.

APPROVAL OF AGENDA

Upon a motion by Mr. Bradshaw, and duly seconded, the members voted to approve the May 27, 2021, agenda, as presented.

CALL FOR VOTE:

D. Brian Carson, CPA – Aye
Laurie A. Warwick, CPA – Aye
Jay Bernas – Aye
W. Barclay Bradshaw, CPA – Aye
William R. Brown, CPA – Aye
Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Six (6)
Nays: None

APPROVAL OF MINUTES

Upon a motion by Mr. Bradshaw, and duly seconded, the members voted to approve the April 22, 2021, Board meeting minutes, as presented.

CALL FOR VOTE:

D. Brian Carson, CPA – Aye
Laurie A. Warwick, CPA – Aye
Jay Bernas – Aye
W. Barclay Bradshaw, CPA – Aye
William R. Brown, CPA – Aye
Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Six (6)
Nays: None

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PUBLIC COMMENT PERIOD

Ms. Walker noted the VSCPA had provided small group feedback sessions regarding CPA Evolution and had found the sessions helpful.

Ms. Walker noted the VSCPA was reviewing the education draft and looking forward to continued dialogue with the VBOA regarding the education changes.

Ms. Mawyer provided the VBOA with continuing professional education (CPE) program updates. The VSCPA will return to in person learning in July and will continue hybrid educational program offerings.

Ms. Mawyer noted the VSCPA was exploring Learning Management Systems for CPE tracking and working with the VBOA regarding the CPE Audit Service challenges.

Ms. Mawyer noted the VSCPA reported more than 2,000 CPAs have taken the Virginia 2021 ethics course and the course has received rave reviews. Mr. Carson noted the Board was looking forward to the ethics course reviews.

EXECUTIVE DIRECTOR'S REPORT

General updates

- Ms. Glynn noted Virginia Secretary of Finance Aubrey L Layne Jr., CPA, would join Sentara Healthcare effective July 1, 2021.
- Ms. Glynn reported CPA license renewals continue to go well. As a courtesy, the VBOA would be mailing postcard renewal reminders to more than 12,000 CPAs yet to renew.
- Ms. Glynn noted a new CPE audit pool would be going out soon and licensees would receive an email notification of their random selection for a CPE audit.
- Ms. Glynn noted the NASBA CPE Audit Service continues to have issues. The VBOA is exploring alternatives.
- Ms. Glynn noted the VBOA would be implementing the Jasper reporting tool.
- Ms. Glynn noted the 2021 Virginia ethics course has been going very well. Currently more than 50 courses are being offered.

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- Ms. Glynn noted the Ethics Committee planned to meet on June 9, 2021, and she welcomed Board member comments.
- Ms. Glynn noted the VBOA would be posting job positions for current vacancies.
- Ms. Glynn noted the NASBA 2021 New Board Member Orientation would be held June 8, 2021.
- Ms. Glynn noted the virtual NASBA Regional Meeting would be held June 22-23, 2021, and encouraged Board members to attend.

Financial and Board Report update

Ms. Reinholtz presented and fielded questions regarding the April 2021 Financial and Board Report.

Enforcement update

Ms. Blount led the discussion regarding the enforcement update. She provided a handout and noted Informal Fact Finding conferences (IFF) were held on April 27, 2021, and May 18, 2021. Additional conferences are scheduled June 1, June 8, June 29, July 20, and July 27. Ms. Blount fielded questions. CPE deficiency cases were discussed. Ms. Glynn reiterated the issues with the NASBA CPE Audit Service.

Board 2022 Planning Topics

Prior Year Planning Topics: Fiscal Year 2021 Year in Review

Ms. Warwick led the discussion regarding the fiscal year 2021 year in review. She provided a brief description of prior year planning topics and the achieved timeframe for the topics.

- Non-CPE penalty guidelines – Unlicensed use of the title approved April 2021
- Prioritization of complaints – approved August 2020 and added to Enforcement Processes manual in October 2020
- VBOA comment letter regarding Draft Model Rules on Education – Completed August 2020
- Criminal convictions – Delegation policy revised and approved December 2020
- Background checks – Discussed and determined no changes are necessary, October 2020
- Publication of disciplinary actions – Discussed and determined no change in current process, August 2020

Ms. Warwick provided additional topics discussed and completed during the Fiscal Year 2021

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- Addressing COVID-19 – extensions and relief
- Discussion and Approval of Remote Testing pilot
- Changes to the Virginia 2021 Ethics format and offerings
- Revisions to VBOA Policies 2, 3, 4 and 8
- Licensing System Upgrade

Ms. Warwick provided four suggested topics for the FY2022 planning meeting; enforcement, education, fee increase and CPE guidance. The peer review process would be included in the enforcement review.

In regards to the enforcement topic discussion, Ms. Warwick suggested considering what the system was capable of doing, time lines, prioritizing of cases, metrics, and tracking cases with probable cause reviews. Ms. Blount’s input would be included.

Cash flow analysis and potential fee increase

Mr. Carson suggested using the S.M.A.R.T. goal philosophy as a tool for achieving the VBOA’s planning objective. He suggested starting with the cash flow analysis and potential fee increase topic. He suggested a fee structure that would be reasonable and comparable to nationwide fees and that would be sufficient to fund all expenditures for the next five years. Ms. Glynn noted a possibility of two routes for a proposed fee increase: the escalation route and a blanket increase. Mr. Carson created an S.M.A.R.T goals workbook and shared with the Board members and staff.

S.M.A.R.T. is defined as Specific, Measurable, Achievable, Relevant, and Time-based.

Board members discussed the “Specific” as it related to the cash flow analysis and potential fee increase. The “Specific” included a reasonable fee structure that would fund all VBOA expenditures for a minimum of 10 years while maintaining a minimum contingency fund in line with the VBOA policy. The timeframe is July 1, 2023. Mr. Carson and Mr. Bernas have volunteered to be the Board’s Champions for the task.

CPE awarded for publications, presentations

CPE awarded for professional designations/exams, training programs

Using the S.M.A.R.T. goal template, Board members provided the “Specific” as related to awarding CPE for publications and presentations, and, also, professional designations/exams and training programs. The “Specific” included updating the existing VBOA policy by adding a standardized template for awarding CPE for these items. Board Champions for CPE review would be Ms. Rogers and Ms. Warwick. The end of December 2021 was provided as a time line.

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CPA Evolution

Ms. Rogers led the discussion regarding CPA Evolution. She provided a handout, which included a timeline and commonly asked questions. An in depth discussion ensued.

**Required coursework to take the CPA exam
Required coursework for CPA licensure**

Using the S.M.A.R.T. goal formula, Board members provided the “Specific” as related to education which would include the model curriculum and any update to VBOA education guidelines and regulations as necessary. In addition, to consider the impact of the 24 hours of upper level accounting and 24 hours of business courses to include outreach and communications of the VBOA decisions. Board Champions would be Ms. Rogers and Ms. Lewis. October of 2021 was provided as a time line.

Board members also discussed the impact of 30 additional hours of education necessary for licensure using the S.M.A.R.T goal template. Board Champions would be Ms. Rogers and Ms. Lewis. May of 2022 was provided as a time line.

RECESS FOR LUNCH 12:15 p.m.

RECONVENE 12:45 p.m.

Ms. Warwick clarified the role of Board Champions. She explained that Ms. Glynn is charged with S.M.A.R.T goals implementation, progress and agency operations while the Board Champions act as a liaison and through the executive director to provide high level oversight and report to the board on the progress made towards achieving the goals.

**Education requirements
Accreditation standards**

Ms. Warwick led the discussion regarding accreditation standards. Board members will continue to assess the impact of the UAA Model Rules on the VBOA’s regulations as it relates to accreditation. A May 2022 timeline was provided. Board Champions would be Ms. Rogers and Ms. Lewis.

Enforcement

Ms. Warwick led the enforcement discussion, which included peer review. The enforcement goal is to create an efficient, transparent process that would be consistent and timely. Board members conveyed a need for an automated system to identify firms not enrolled in peer review or have a failed peer review.

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Ms. Glynn noted other Boards of Accountancy rely on the Virginia Board of Accountancy in regards to firm reciprocity. Ms. Walker noted an opportunity for the VBOA to consult with the VSCPA regarding Peer review within limitations of the program.

A March 2022 timeline was provided. Board Champions would be Ms. Rogers, Mr. Bradshaw, Mr. Brown and Mr. Carson.

Mr. Bradshaw discussed probable cause reviews and the possibility of assigning multiple Board members for their review. A triage practice was discussed. Ms. Blount noted her concern with multiple Board members discussing cases and a conflict that could result with IFF conferences. The S.M.A.R.T goal template consisted of developing a timeline with benchmarks to ensure the system could track each case. Discussion continued. Multiple timelines were established within the S.M.A.R.T. goals. The Board agreed to not change the probable cause review process for the time being.

General S.M.A.R.T. guidelines

Mr. Carson suggested the Board Champion provides a brief update of each goal at each Board meeting moving forward. Mr. Carson will revise S.M.A.R.T goals workbook to reflect Board discussion. Once S.M.A.R.T goals have been revised, Ms. Glynn will provide Board members with a copy.

ADDITIONAL ITEMS FOR DISCUSSION

- Sign Conflict of Interest forms
- Sign Travel Expense vouchers

FUTURE MEETING DATES

- June 24, 2021
- August 31, 2021

Additional meeting dates will be announced at the June 24, 2021, Board meeting.

Begin closed meeting

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

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Freedom of Information Act to a matter lawfully exempted from open meeting requirements under the 'Legal advice regarding specific legal matters' and 'personnel matters' exemptions contained in Virginia Code §2.2-3711 (A)(8) and Code §2.2-3711 (A)(1).

The following non-member will be in attendance for the closed meeting to reasonably aid in the consideration of this topic: James Flaherty.

The following non-members will be in attendance for a portion of the closed meeting to reasonably aid in the consideration of this topic: Nancy Glynn, Amanda Blount

CALL FOR VOTE:

D. Brian Carson, CPA, CGMA – Aye
Laurie A. Warwick, CPA – Aye
Jay Bernas – Aye
W. Barclay Bradshaw, CPA – Aye
William R. Brown, CPA – Aye
Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Six (6)
Nays: None

End closed meeting

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

CALL FOR VOTE:

D. Brian Carson, CPA, CGMA – Aye
Laurie A. Warwick, CPA – Aye
Jay Bernas – Aye
W. Barclay Bradshaw, CPA – Aye
William R. Brown, CPA – Aye

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Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Six (6)

Nays: None

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

Case #2020-177-177C (Blount, Burkarth and Glynn)

Ms. Glynn and Ms. Blount were not present and did not participate in the closed session.

Upon a motion by Mr. Bradshaw, and duly seconded, members voted unanimously to accept Case #2020-177-177C, as presented.

CALL FOR VOTE:

D. Brian Carson, CPA, CGMA – Aye

Laurie A. Warwick, CPA – Aye

Jay Bernas – Aye

W. Barclay Bradshaw, CPA – Aye

William R. Brown, CPA – Aye

Nadia A. Rogers, CPA – Aye

VOTE:

Ayes: Six (6)

Nays: None

ADJOURNMENT

There being no further business before the VBOA, Mr. Carson adjourned the meeting at 2:42 p.m.

APPROVED:

D. Brian Carson, CPA, CGMA, Chair

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COPY TESTE:

Nancy Glynn, CPA, Executive Director

Financial Report
FY20 Budget vs. Actual Expenses
As of May 31, 2021

<u>Expenditure Type</u>	FY21 Operating Budget	FY21 YTD Expenditures	%	FY20 YTD Expenditures	FY19 YTD Expenditures	FY18 YTD Expenditures
Salaries & Benefits	1,424,635	1,149,842	80.7%	1,308,884	1,175,925	1,174,172
Total Salaries & Benefits	\$ 1,424,635	\$ 1,149,842	80.7%	\$ 1,308,884	\$ 1,175,925	\$ 1,174,172
Contractual Services						
1211 Express Services	150	33	22.0%	84	134	722
1214 Postal Services	14,000	13,434	96.0%	12,011	9,984	12,886
1215 Printing Services	7,500	2,986	39.8%	6,459	4,537	5,487
1216 Telecommunications - VITA	9,432	9,987	105.9%	9,609	12,539	11,613
1217 Telecommunications - Nonstate (CallFire)	6,000	30	0.5%	2,495	100	100
1219 Inbound Freight	300	22	7.4%	260	56	160
1221 Organization Memberships (primarily NASBA)	8,217	7,674	93.4%	8,327	7,625	7,255
1222 Publication Subscriptions	3,570	3,555	99.6%	3,655	1,271	1,266
1224 Training - Courses, Workshops, Conferences	5,500	713	13.0%	7,563	4,822	11,459
1225 Employee Tuition Reimbursement	-	-	---	-	1,618	-
1227 Training-Transportation, Lodging, Meals, Incidentals	9,000	-	0.0%	9,511	4,567	23,825
1228 Employee IT Training Courses/Workshops and Conferences	-	-	---	-	91	-
1242 Fiscal Services (Credit Card Merchant Fees)	55,000	31,749	57.7%	68,818	34,498	48,558
1243 Attorney Services	25,000	26,217	104.9%	48,624	62,020	51,736
1244 Mgmt. Services - NASBA/special accommodations	30,000	8,009	26.7%	28,061	33,808	21,736
1245 Personnel Management Services	-	-	---	-	79	-
1246 Public Info/Public Relations (subscriptions)	1,100	384	34.9%	4,484	3,470	3,538
1247 Legal Services (court reporting services)	2,000	10,264	513.2%	2,688	10,834	19,562
1252 Electrical Repair/Maintenance	-	3,681	---	-	-	-
1253 Equipment Repair/Maintenance	850	-	0.0%	440	823	-
1263 Clerical / Temp Services	-	-	---	-	-	2,754
1264 Food and Dietary Services	3,500	884	25.3%	2,377	3,585	3,236
1265 Laundry & Linen Services	-	-	---	-	13	-
1266 Manual Labor Services (Includes shredding services)	4,500	1,410	31.3%	1,757	320	394
1268 Skilled Services	1,200	-	0.0%	600	1,138	-
1272 VITA Pass Thru Charges	381,505	256,942	67.3%	135,675	133,466	135,170
1273 Info Mgmt Design and Development Services (IT Support)	129,000	195,785	151.8%	108,689	108,923	94,600
1275 Computer Software Maintenance	6,830	7,235	105.9%	6,435	-	-
1278 VITA Information Technology Infrastructure Services	132,000	50,035	37.9%	148,216	146,380	119,126
1279 Computer Software Development Services	-	-	---	-	234,015	346,155
1282 Travel - Personal Vehicle	7,500	962	12.8%	6,318	6,603	8,099
1283 Travel - Public Carriers	-	-	---	-	77	-
1284 Travel - State Vehicles	1,000	-	0.0%	243	200	652
1285 Travel - Subsistence and Lodging	1,500	-	0.0%	1,221	1,612	2,182
1288 Travel, Meal Reimburse - Not IRS Rpt	1,000	-	0.0%	723	824	1,423
Total Contractual Services	\$ 847,154	\$ 631,992	74.6%	\$ 625,343	\$ 830,032	\$ 933,694
Supplies and Materials						
1312 Office Supplies	3,500	860	24.6%	1,191	3,783	5,023
1313 Stationery and Forms	1,800	644	35.8%	997	1,844	2,028
1323 Gasoline (Enterprise vehicles)	250	-	0.0%	87	103	221
1335 Packaging and Shipping Supplies	800	720	90.0%	351	1,237	485
1342 Medical & Dental Supplies	50	30	59.5%	-	5	-

<u>Expenditure Type</u>	<u>FY21 Operating Budget</u>	<u>FY21 YTD Expenditures</u>	<u>% Expended</u>	<u>FY20 YTD Expenditures</u>	<u>FY19 YTD Expenditures</u>	<u>FY18 YTD Expenditures</u>
<u>Supplies and Materials, continued</u>						
1352 Custodian Repair & Maintenance	-	-	---	728	-	389
1353 Electrical Repair/Maintenance Materials	-	-	---	-	-	-
1362 Food & Dietary Supplies	525	79	15.0%	442	365	498
1363 Food Service Supplies	50	35	70.6%	16	56	62
1373 Computer Operating Supplies	2,500	1,236	49.4%	823	3,989	3,194
Total Supplies & Materials	\$ 9,475	\$ 3,603	38.0%	\$ 4,634	\$ 11,382	\$ 11,900
<u>Transfer Payments</u>						
1413 Awards & Recognition	150	18	11.8%	-	1,033	848
1415 Unemployment Compensation	-	216	---	-	-	-
1418 Incentives	1,200	-	0.0%	725	325	-
Total Transfer Payments	\$ 1,350	\$ 234	17.3%	\$ 725	\$ 1,358	\$ 848
<u>Continuous Charges</u>						
1512 Automobile Liability Insurance	231	-	0.0%	231	231	231
1516 Property Insurance	1,224	-	0.0%	1,224	1,224	1,224
1534 Equipment Rentals	12,100	6,075	50.2%	8,133	8,507	8,645
1539 Building Rentals - Non-State Owned Facilities	95,440	86,893	91.0%	95,161	93,416	90,982
1541 Agency Service Charges (shared services)	53,383	52,090	97.6%	37,675	37,335	38,169
1551 General Liability Insurance	328	-	0.0%	328	188	188
1554 Surety Bonds	40	-	0.0%	40	40	40
1555 Worker's Compensation	1,044	-	0.0%	1,023	1,044	978
Total Continuous Charges	\$ 163,790	\$ 145,057	88.6%	\$ 143,815	\$ 141,985	\$ 140,457
<u>Equipment</u>						
2216 Network Components	1,500	877	58.5%	1,357	452	341
2217 Other Computer Equipment	150	130	86.7%	97	1,590	685
2218 Computer Software Purchases	-	-	---	428	419	540
2224 Reference Equipment	-	-	---	-	32	80
2232 Photographic Equipment	-	-	---	-	-	552
2233 Voice and Data Transmission Equipment	-	969	---	23	511	164
2238 Electronic and Photo Equipment Improvements	-	-	---	-	3,791	6,125
2261 Office Appurtenances (Blinds, Carpet, etc.)	150	-	---	687	348	94
2262 Office Furniture	-	-	---	385	5,666	555
2263 Office Incidentals	500	345	69.0%	658	109	969
2264 Office Machines	-	-	---	-	412	65
2283 Mechanical Equipment	-	-	---	2,338	-	-
2328 Construction, Building Improvements	-	150	---	44,209	-	-
Total Equipment	\$ 2,300	\$ 2,471	107.5%	\$ 50,182	\$ 13,330	\$ 10,170
Total Expenses	\$ 2,448,704	\$ 1,933,200	83.0%	\$ 2,133,583	\$ 2,174,012	\$ 2,271,240
Chapter 1289 Appropriation	\$ 2,328,158					

**Virginia Board of Accountancy
Financial Report
Cash Balance
As of May 31, 2021**

	Operating Fund (09226)		Special Fund (02020)	
	FY2021 - YTD as of 5/31/21	FY2020 - YTD as of 5/31/20	FY2021 - YTD as of 5/31/21	FY2020 - YTD as of 5/31/20
Beginning Fund Balance July 1:	\$ 1,915,719	\$ 681,659	\$ 3,617,992	\$ 4,405,230
YTD Revenue Collected	1,559,686	1,841,824	-	-
Interest earnings*	10,480	9,468	19,459	66,040
Accounts Payable **	186	4,000	-	-
Cash Transfers In per Board Policy #1	481,940	868,979	-	-
Cash Transfers Out per Board Policy #1	-	-	(481,940)	(868,979)
YTD Expenditures	(1,933,200)	(1,959,883)	-	-
Cash Balance before required transfers	<u>\$ 2,034,811</u>	<u>\$ 1,446,047</u>	<u>\$ 3,155,512</u>	<u>\$ 3,602,291</u>
Required Cash Transfers:				
Transfers to Central Service Agencies ***	\$ (13,366)	\$ (11,302)	-	-
Cash Balance after required transfers	<u>\$ 2,021,445</u>	<u>\$ 1,434,745</u>	<u>\$ 3,155,512</u>	<u>\$ 3,602,291</u>

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

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

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

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

Fee Type	FY2021 - YTD as of 5/31/21	FY2020 - YTD as of 5/31/20	Fiscal Year Ending 6/30/20	Fiscal Year Ending 6/30/19	Fiscal Year Ending 6/30/18
Application Fee	\$ 214,480	\$ 244,315	\$ 271,705	\$ 300,895	\$ 309,965
(a) Re-Exam Application	\$ 76,480	\$ 73,740	\$ 80,240	\$ 95,420	\$ 90,580
(b) Renewal Fee	\$ 1,220,260	\$ 1,212,810	\$ 1,824,475	\$ 2,328,986	\$ 1,859,054
Reinstatement Fee	\$ 59,000	\$ 61,050	\$ 63,500	\$ 63,600	\$ 64,570
Duplicate Wall Certificate Fee	\$ 1,575	\$ 1,725	\$ 1,800	\$ 1,850	\$ 1,950
License Verification Fee	\$ 15,125	\$ 14,800	\$ 16,175	\$ 18,950	\$ 20,025
CPA Exam Score Transfers	\$ 1,225	\$ 1,575	\$ 1,750	\$ 1,950	\$ 2,325
Administrative Fee	\$ 531	\$ -	\$ -	\$ -	\$ 1,000
Bad Check Fee	\$ 50	\$ 263	\$ 313	\$ 50	\$ 150
Total Revenue	\$ 1,588,726	\$ 1,610,278	\$ 2,259,958	\$ 2,811,701	\$ 2,349,619
(c) Net Revenue per Commonwealth Accounting and Reporting System (Cardinal)	\$ 1,559,686	\$ 1,566,823	\$ 2,220,553	\$ 2,870,760	\$ 2,338,729
(d) Difference	\$ 29,040	\$ 43,455	\$ 39,405	\$ (59,059)	\$ 10,890

NOTES:

- (a) Effective January 5, 2016, VBOA implemented the Re-Exam Application fee.
- (b) Renewal Fee also includes associated late fees prior to FY19.
- (c) Net Revenue per Cardinal reported above includes only revenue received from regulatory fees.
- (d) Revenue Totals from the VBOA Licensing System (MLO) will not always match Revenue collected and reported on the VBOA Cash Report (Cardinal), due to timing differences in dates transactions are posted into each system and pending adjustments.

**Virginia Board of Accountancy
Financial Report
Accounts Receivable
As of May 31, 2021**

	FY2021 - YTD as of 5/31/21	FY2020 - YTD as of 5/31/20	Fiscal Year Ending 6/30/20	Fiscal Year Ending 6/30/19	Fiscal Year Ending 6/30/18	Fiscal Year Ending 6/30/17
Fines levied	\$ 120,792	\$ 91,425	\$ 107,725	\$ 221,273	\$ 326,285	\$ 187,925
Fines collected	\$ 121,658	\$ 103,804	\$ 112,760	\$ 191,199	\$ 258,879	\$ 198,771
Outstanding Current fines receivable (< 365 Days)	\$ 38,001	\$ 41,130	\$ 49,975	\$ 60,230	\$ 92,026	\$ 25,442
Outstanding Written-off receivables (=> 365 Days) (a)	\$ 670,421	\$ 660,813	\$ 659,313	\$ 654,093	\$ 592,222	\$ 591,400

NOTE:

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

FY22 Proposed Operating Budget

<u>Expenditure Type</u>	FY22 Proposed Operating Budget	FY21 Operating Budget	FY21 YTD Expenditures (As of May 31, 2021)
Salaries & Benefits	1,512,164	1,424,635	1,149,842
Total Salaries & Benefits	\$ 1,512,164	\$ 1,424,635	\$ 1,149,842
Contractual Services			
1211 Express Services	150	150	33
1214 Postal Services	15,500	14,000	13,434
1215 Printing Services	7,500	7,500	2,986
1216 Telecommunications - VITA	11,040	9,432	9,987
1217 Telecommunications - Nonstate (CallFire)	2,000	6,000	30
1219 Inbound Freight	300	300	22
1221 Organization Memberships (primarily NASBA)	8,851	8,217	7,674
1222 Publication Subscriptions	3,658	3,570	3,555
1224 Training - Courses, Workshops, Conferences	7,561	5,500	713
1227 Training-Transportation, Lodging, Meals, Incidentals	13,000	9,000	-
1242 Fiscal Services (Credit Card Merchant Fees)	60,000	55,000	31,749
1243 Attorney Services (Including OAG)	28,000	25,000	26,217
1244 Mgmt. Services - NASBA/special accommodations - IT Support	34,000	30,000	8,009
1246 Public Info/Public Relations (subscriptions)	385	1,100	384
1247 Legal Services (Includes court reporting services)	5,500	2,000	10,264
1252 Electrical Repair/Maintenance	-	-	3,681
1253 Equipment Repair/Maintenance	-	850	-
1264 Food and Dietary Services	3,500	3,500	884
1266 Manual Labor Services (Includes shredding services)	1,500	4,500	1,410
1268 Skilled Services	1,200	1,200	-
1272 VITA Pass Thru Charges	324,685	381,505	256,942
1273 Info Mgmt Design and Development Services	38,000	129,000	195,785
1275 Computer Software Maintenance	6,830	6,830	7,235
1278 VITA Information Technology Infrastructure Services	55,200	132,000	50,035
1282 Travel - Personal Vehicle	5,500	7,500	962
1284 Travel - State Vehicles	1,000	1,000	-
1285 Travel - Subsistence and Lodging	1,500	1,500	-
1288 Travel, Meal Reimburse - Not IRS Rpt	1,000	1,000	-
Total Contractual Services	\$ 637,360	\$ 847,154	\$ 631,991
Supplies and Materials			
1312 Office Supplies	2,500	3,500	860
1313 Stationery and Forms	1,800	1,800	644
1323 Gasoline (Enterprise vehicles)	250	250	-
1335 Packaging and Shipping Supplies	800	800	720
1342 Medical & Dental Supplies	50	50	30
1362 Food & Dietary Supplies	500	525	79
1363 Food Service Supplies	50	50	35
1373 Computer Operating Supplies	2,500	2,500	1,236
Total Supplies & Materials	\$ 8,450	\$ 9,475	\$ 3,604
Transfer Payments			
1413 Awards & Recognition	150	150	18
1418 Incentives	1,300	1,200	216
Total Transfer Payments	\$ 1,450	\$ 1,350	\$ 234
Continuous Charges			
1512 Automobile Liability Insurance	231	231	-
1516 Property Insurance	1,224	1,224	-
1534 Equipment Rentals	12,137	12,100	6,075
1539 Building Rentals - Non-State Owned Facilities	97,997	95,440	86,893
1541 Agency Service Charges (DOA, PSB, DHRM, & eVA)	53,383	53,383	52,090
1551 General Liability Insurance	328	328	-
1554 Surety Bonds	40	40	-
1555 Worker's Compensation	1,094	1,044	-
Total Continuous Charges	\$ 166,434	\$ 163,790	\$ 145,058
Equipment			
2216 Network Components	1,600	1,500	877
2217 Other Computer Equipment	200	150	130
2233 Voice and Data Transmission Equipment	-	-	969
2261 Office Appurtenances (Blinds, Carpet, etc.)	-	150	-
2263 Office Incidentals	500	500	345
2328 Construction, Building Improvements	-	-	150
Total Equipment	\$ 2,300	\$ 2,300	\$ 2,471
Total Expenses	\$ 2,328,158	\$ 2,448,704	\$ 1,933,200
Chapter 552 Appropriation	\$ 2,328,158		

**Individual and firm license activity
May 31, 2021**

<i>Fiscal Period</i>	Period ending 5/31/2021	Period ending 5/31/2020	Year ending 6/30/2020	Year ending 6/30/2019	Year ending 6/30/2018
REGULANTS					
Individuals					
Active, licensed CPAs	27,589	27,304	26,666	26,282	26,318
Inactive, licensed CPAs	2,117	1,979	1,915	1,784	1,585
Total Licensed CPAs	29,706	29,283	28,581	28,066	27,903
Out-of-state licensees	10,014	8,942	8,935	8,435	8,330
Reinstatements - Individuals	161	163	170	162	178
New CPA licenses issued	996	1,154	1,241	1,133	1,227
Expired/voluntarily surrendered licenses	80	109	861	871	1,177
Exam Candidates					
Number of first time exam candidates	1,153	1,318	1,673	1,624	1,675
Firms					
Total active, licensed CPA firms	1,183	1,190	1,157	1,126	1,177
Reinstatements - Firms	6	10	8	10	10
New CPA firm licenses issued	35	65	37	38	74
Expired/voluntarily surrendered licenses	9	9	81	79	74

JUNE 2021 ENFORCEMENT BOARD REPORT

OPEN CASE STATUS FOR NON-CPE CASES (as of June 15, 2021)					
Open Case Stage	New (30 days)	31-160 Days	161-365 Days	>365 Days	Total
Investigation	12	20	1	-	33
Pending Investigative Report	-	8	6	1	15
Probable Cause Review	-	1	9	2	12
Draft Pre-IFF Consent Order*	-	1	7	3	11
Pending Signed Pre-IFF Consent Order	-	-	1	1	2
Informal Fact-Finding Conference	-	-	5	9	14
Draft Presiding Officer's Recommendation / Post IFF Consent Order	-	-	6	3	9
Pending Signed Post IFF Consent Order	-	-	-	-	-
Pending Board Approval	-	1	-	-	1
Pending Board Request for Additional Information	-	-	-	-	-
Deferred (Pending Trial, Litigation, Regulatory Review, etc.)	-	-	-	-	-
Total Open Non-CPE Cases	12	31	35	19	97
Reported May 20, 2021	7	29	36	21	93

OPEN CASE STATUS FOR CPE DEFICIENCY CASES (as of June 15, 2021)					
Open Case Stage	New (30 days)	31-160 Days	161-365 Days	>365 Days	Total
Pending Investigative Report	30 [†]	-	-	-	30
Draft Pre-IFF Consent Order	10	21	4	-	35
Pending Signed Pre-IFF Consent Order	-	6	6	-	12
Informal Fact-Finding Conference	-	2	-	-	2
Draft Presiding Officer's Recommendation/ Post IFF Consent Order	-	3	4	2	9
Pending Signed Post-IFF Consent Order	-	-	-	-	-
Pending Board Approval	-	-	2	2	4
Pending Board Request for Additional Information	-	-	-	-	-
Total Open CPE Deficiency Cases	40	32	16	4	92
Reported May 20, 2021	49	32	17	5	103

*Cases where a Pre-IFF Consent Order will be offered will also be sent a Notice of IFF with the Pre-IFF Consent Order.

[†] These CPE deficiency cases have been assigned case numbers, but are pending CPE deficiency notices and completion of investigative reports.

NON-CPE CASES CLOSED (May 21, 2021 through June 15, 2021)

Closed Case Action	New (30 days)	31-160 Days	161-365 Days	>365 Days	Total
Closed during PC Review w/ no violation	-	-	-	-	-
Closed during PC Review w/ advisory letter	-	-	3	-	3
Pre-IFF Consent Order	-	-	-	-	-
Closed following IFF w/ no violation	-	-	-	2	2
Post-IFF Consent Order	-	-	-	-	-
Board Order	-	-	-	-	-
TOTAL CASES CLOSED	-	-	3	2	5
Reported May 20, 2021	-	1	5	7	13

CPE DEFICIENCY CASES CLOSED (May 21, 2021 through June 15, 2021)

Closed Case Action	New (30 days)	31-160 Days	161-365 Days	>365 Days	Total
Closed during ED review w/ no violation	-	-	-	-	-
Closed during ED review w/ advisory letter	-	-	1	-	1
Pre-IFF Consent Order	-	7	1	-	8
Closed following IFF w/ no violation	-	-	-	-	-
Post-IFF Consent Order	-	-	-	1	1
Board Order	-	-	1	-	1
Order Permitting Reinstatement	1	-	-	-	1
TOTAL CASES CLOSED	1	7	3	1	12
Reported May 20, 2021	5	4	-	-	9

CPE AUDIT REPORT (June 15, 2021)

	As of 06/15/21	Year Ending 6/30/20	Year Ending 6/30/19	Year Ending 6/30/18	Year Ending 6/30/17
CPE Audits Selected	758	697	1366	1938	1742
CPE Audits Passed	377	533	1139	1526	1294
CPE Audits Deficient	92	132	227	412	448
CPE Audits Pending	289	32	-	-	-
CPE Audit Deficiency Rate	20%	20%	17%	21%	26%



National Association of State Boards of Accountancy

◆ 150 Fourth Avenue, North ◆ Suite 700 ◆ Nashville, TN 37219-2417 ◆ Tel 615.880-4207 ◆ Fax 615.880.4207 ◆ www.nasba.org ◆

June 18, 2021

Dear Board of Accountancy Chairs and Executive Directors,

Please find attached a draft CPA Examination Transition Policy for the awarding of credits to candidates who, at the time of conversion to the new CPA Examination under CPA Evolution (New Exam) currently projected to occur in January 2024, have already earned conditional credit in their jurisdictions under the current Examination model (Current Exam).

The CPA Evolution Executive Steering Group believes it is important to share this draft transition policy with the accountancy boards early in the process for several reasons.

Most importantly, NASBA needs to begin a dialogue with accountancy boards regarding information system changes that might be needed to allow for a successful transition. Since the New Exam will require three core sections plus the choice of one of three discipline sections, some accountancy boards may need to make changes to their systems to accept scores. NASBA will begin this discussion with boards individually given the disparate nature of their systems and any requirements for change. We realize this is a critical path activity that could require extensive time for some boards.

It is important to note the Current Exam will not be administered after the New Exam is expected to launch in January 2024; the two Exam models will not be administered at the same time. This is consistent with previous transition policies due to significant logistical and cost considerations. It is essential to notify Candidates well in advance of the transition to the New Exam so they may plan their test administrations accordingly.

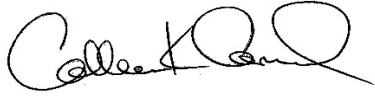
Once the transition policy is finalized, we will develop a robust communication plan to begin socializing the transition policy along with more details regarding the entire CPA Evolution initiative with candidates and other stakeholders. This will include more specific information regarding draft changes to the CPA Exam.

As such, we share the attached draft Transition Policy recommended by the Transition Task Force and the NASBA CBT Administration Committee for informational purposes. This Transition Policy recommendation will be discussed at the NASBA Regional Meeting on June 22, 2021 during the CPA Exam presentation. Feedback and clarifying questions will be invited during the regional breakout sessions the following day.

After considering any feedback received from state boards and their members through July 15, 2021, we anticipate finalizing the policy and beginning communication publicly to candidates, academia and other interested parties by the end of July 2021.

Please contact me at cconrad@nasba.org or 615-880-4207 with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Colleen K. Conrad". The signature is fluid and cursive, with the first name "Colleen" being the most prominent part.

Colleen K. Conrad, CPA
Executive Vice President & COO

cc: NASBA Board of Directors

CPA Examination Transition Policy Recommendation – DRAFT

June 18, 2021

The CPA Evolution Executive Steering Group (Steering Group) requested a task force of Board of Accountancy members, Board of Examiner representatives with an accountancy board background, and executive directors (Task Force) identify and evaluate alternatives for the awarding of credit to candidates who, at the time of conversion to the new CPA Examination (New Exam) under CPA Evolution, have already earned conditional credit in their jurisdictions. This recommendation was then presented to the NASBA CBT Administration Committee for review, discussion and their formal recommendation.

Transition Policy

Initial mapping concepts indicate that significant content of the three Core Evolution sections will map back to three sections of the current CPA Examination (Current Exam). The Task Force, NASBA CBT Administration Committee and the CPA Evolution Executive Steering Group have recommended that three sections of the Current Exam be considered equivalent to the corresponding sections of the New Exam, as follows, for purposes of transitioning candidates who have conditioned by the projected January 2024 launch date of the New Exam (Launch Date).

If Not Passed on the Current Exam	Need to Take on New Exam
Auditing and Attestation (AUD)	Core #1 - To be named – for illustration purposes called Auditing and Attestation
Financial Accounting and Reporting (FAR)	Core #2 – To be named - for illustration purposes called Financial Accounting and Reporting
Regulation (REG)	Core #3 – To be named - for illustration purposes called Regulation

If the Business Environment and Concepts (BEC) of the Current Exam has not been passed by the Launch Date, the Candidate must pass a Discipline section of their choosing as their fourth part.

If BEC has been passed by the Launch Date, its credit shall be applicable for licensure until credit for that BEC section expires. If BEC credit expires before the Candidate passes all four sections, the Candidate must then pass a Discipline of their choosing.

Discussion

The Task Force discussed the effects the new discipline sections would have on the New Exam as well as the impact of no one section of the New Exam containing a significant majority of the current BEC content. It is anticipated the portions of the BEC content could transition into multiple core and discipline sections, including Core #1, the Business Analysis and Reporting Discipline and the Information Systems and Controls Discipline. The practice analysis that is currently underway will ultimately determine the New CPA Exam Blueprint. This revised Blueprint is anticipated to be exposed in July 2022 and finalized in January 2023. The AICPA is planning to share directional thinking regarding placement of content on the New Exam in July 2021 for input.

In selecting this transition policy for recommendation, the Task Force considered certain aspirational goals and objectives, including:

- Minimize the risk to public protection
- Minimize candidate disruption
- Minimize impact to the candidate pipeline
- Not require increased costs or test sections
- Easy to understand, communicate and implement
- Support and promote the new CPA Evolution model

Other transition models considered could have possibly required candidates to take more than a total of four sections, depending on which sections they had passed before cutover to the New Exam. The Task Force believed this was not reasonable to recommend and would have been inequitable. It would have also required politically difficult changes to many accountancy boards' regulations. Consensus was reached by the Task Force that the recommended transition policy achieved the preponderance of the goals and objectives. Its simplicity also does not require extensive rule changes by accountancy boards, which was deemed a plus.

One challenge of this recommended transition policy is that it is very likely to drive candidates to change their normal testing patterns and try to pass the BEC section prior to the Launch Date, when it is most typically now taken as a fourth section. This could have the effect of driving down volumes in each of the three new discipline sections at a time when AICPA must rely on certain volumes of each section to complete its required standard setting on all New Exam sections. It is already probable that there will be a spike in volume of all sections prior to the cutover to the New Exam, as candidates historically try to pass "known" Exam sections instead of needing to study for the "unknown" of the New Exam. As a result of these two factors, it is anticipated that possible shortened testing periods may be necessary for the three new discipline sections for some time (based on 2024 discipline volumes). Under most any transition policy that could have been selected, shortened testing periods of some amount would be anticipated for the new Discipline sections.

As with other times when significant changes have occurred, it is also expected delayed score releases will be necessary for all New Exam sections, including both the new core sections and the disciplines. This would probably occur under any transition policy due to expected candidate behavior. The consensus of the Task Force was this was more palatable to candidates and accountancy boards than requiring candidates to possibly take more than four Exam sections, and could be managed through extensive and early communication to candidates.

Because of the significant differences in the two examinations, a perfect transition is not possible. The Task Force, the NASBA CBT Administration Committee and the CPA Evolution Executive Steering Group believe this recommendation best serves the candidates, the accountancy boards and the public interest.

Members of the Transition Task Force

Kent Absec (ID)
Boyd Busby (AL)
Pamela Church (TN)

James Gottfried (OH)
Sara Mikuta (IL)
Nicola Neilon (NV)

Members of the NASBA CBT Administration Committee

Tyronne Dickerson (Chair)(VA)
Robert N. Brooks (NC)
Pamela Church (TN)
James Gottfried (OH)
Sheldon Holzman (IL)
Nicole Kasin (SD)

Leslie A. Mostow (MD)
Michael R. Putich (SC)
David Sanford (GU)
Craig F. Smith (GA)
Susan L. Somers (KS)

Members of the CPA Evolution Executive Steering Group

Sue Coffey (AICPA)
Colleen K. Conrad (NASBA)

Dan Dustin (NASBA)
Carl Mayes (AICPA)

GOAL: Enforcement Process

Board members: Bill Brown, Barclay Bradshaw and Wendy Lewis

S	Specific	Create timeline benchmarks for each milestone within the enforcement life cycle. Ensure the system upgrade includes ability to track the completion of milestones and compare to the established benchmarks.
M	Measurable	Fairly automated report is delivered to the Board for review.
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	1. Identify enforcement life cycle: August 2021 2. Comparing the life cycle to the benchmarks: October 2021 3. Demo of tracking tool: January 2022 4. Functioning tracking tool to use: June 2022

Status Update	
Status Date	June 24, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	Yes
Unresolved Significant Risks/Contingencies	None
Resources Needed	None
Board Decisions Needed	None
Significant Actions Completed	Milestones for discussion.
Significant Actions Not Completed	

GOAL: Peer Review Enforcement

Board members: Nadia Rogers and Barclay Bradshaw

S	Specific	Create and automate a process that will identify firms who should be enrolled in peer review and an enforcement process for those who are not enrolled and/or are enrolled but receiving subpar results or untimely submissions. Develop a communications plan to inform firms.
M	Measurable	Execute the automatic monitoring
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	March 2022

Status Update

Status Date	June 24, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	Yes
Unresolved Significant Risks/Contingencies	none
Resources Needed	none
Board Decisions Needed	none
Significant Actions Completed	none
Significant Actions Not Completed	none

GOAL: Education Accreditation

Board members: Nadia Rogers and Wendy Lewis

S	Specific	Continue to assess the impact of the model rules in the statutes, VBOA regulations and VBOA polices as it relates to accreditation.
M	Measurable	Upon implementation and approved in statutes, VBOA regulations and VBOA Policy
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	Draft in May 2022

Status Update

Status Date	June 24, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	Yes
Unresolved Significant Risks/Contingencies	none
Resources Needed	none
Board Decisions Needed	none
Significant Actions Completed	none
Significant Actions Not Completed	none

GOAL: Education for Licensure

Board members: Nadia Rogers and Wendy Lewis

S	Specific	Consider the model curriculum and update the VBOA education guidelines (and VBOA regulations, as necessary) to consider the impact of the additional 30 hours for CPA licensure. Consider the impact of the Model Curriculum, Practice Analysis, and Blueprint on VBOA regulations, VBOA Policy, and the VBOA Education Handbook (i.e., additional 30 credit hours required for CPA licensure). Once decided, include outreach and communications of the VBOA decisions.
M	Measurable	Upon implementation and approved in VBOA regulations, VBOA Policy and VBOA Education Handbook
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	Education guidelines and Education Handbook: Draft in May 2022

Status Update

Status Date	June 24, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	yes
Unresolved Significant Risks/Contingencies	none
Resources Needed	none
Board Decisions Needed	none
Significant Actions Completed	none
Significant Actions Not Completed	none

GOAL: Education for Exam

Board members: Nadia Rogers and Wendy Lewis

S	Specific	Consider the impact of the model curriculum, Practice Analysis, and Blueprint on VBOA regulations, VBOA Policy, and VBOA education guidelines (i.e., composition of the 24 credit hours of upper-level accounting and 24 credit hours of business courses). to consider the impact of the 24 hours of upper level accounting and 24 hours of business courses. Once decided, include outreach and communications of the VBOA decisions. consider the model curriculum and practice analysis
M	Measurable	Upon implementation and approved in VBOA regulations, VBOA Policy and VBOA Education Handbook
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	<p>Interim updates to VBOA Education guidelines and Education Handbook to reflect acknowledgement of CPA Evolution: Draft in August 2021. Draft communications plan available in October 2021. Draft updates to VBOA regulation, Policy, Education Handbook following release of Practice Analysis and Blueprint for public comment in mid-2022: August 2022. Final updates to VBOA regulation, Policy, Education Handbook following Practice Analysis and Blueprint: February 2023. Communications plan available: April 2023. *Continuous assessment throughout evolution is imperative</p>

Status Update	
Status Date	June 24, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	yes
Unresolved Significant Risks/Contingencies	Draft model curriculum and draft transition plan just released, June 2021, by NASBA and AICPA.
Resources Needed	none
Board Decisions Needed	none
Significant Actions Completed	
Significant Actions Not Completed	none

GOAL: CPE Credits

Board members: Nadia Rogers and Laurie Warwick

S	Specific	Updating existing VBOA Policy (and VBOA regulations, if necessary) by adding a standardized formula for awarding CPE for publications, presentations, professional designations/exams, and training programs.
M	Measurable	Through a developed standardized formula and approved by the Board.
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	December 2021

Status Update

Status Date	June 24, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	Yes
Unresolved Significant Risks/Contingencies	none
Resources Needed	none
Board Decisions Needed	Board to discuss and vote on current revisions to CPE Disciplinary Guidelines regarding minor CPE deficiencies.
Significant Actions Completed	none
Significant Actions Not Completed	none

GOAL: Fee Structure

Board members: Jay Bernas and Brian Carson

S	Specific	Have a reasonable fee structure that will fund all of our expenditures for a minimum of the next 10 years while maintaining a minimum contingency fund in line with our VBOA Policy.
M	Measurable	It's approved by the Governor's Office and the General Assembly, if needed.
A	Achievable	Yes
R	Relevant	Very relevant
T	Time-based	June 2023

Status Update

Status Date	June 24, 2021
Forecasted to complete on time (Yes/No)? If No, please provide explanation.	yes
Unresolved Significant Risks/Contingencies	none
Resources Needed	Currently the VBOA policy analyst position is vacant, actively working on filling the vacancy.
Board Decisions Needed	none
Significant Actions Completed	Initial 10-year forecast has been completed. Preliminary discussions held with the Department of Planning and Budget, and Secretary of Finance.
Significant Actions Not Completed	none

ENFORCEMENT PROCESSES MILESTONES

- **Entry/Case Intake Review**
 - Send acknowledgement letter to complainant
 - Establish jurisdiction
 - Identify possible violations
 - Request additional information from complainant and send acknowledgement letter (when applicable)
 - Submit to Executive Director for review for possible closure (when applicable)
 - Receive recommendation from Executive Director
 - Draft closure letter and send to complainant
 - Submit to Board member for review for possible closure (when applicable)
 - Review recommendation from Board member
 - Draft closure letter and send to complainant
 - Determine priority
 - Docket case
 - Assign to Enforcement staff for investigation
- **Investigation**
 - Case Review / Develop investigative plan
 - Draft Notice of Apparent Violation (and Investigative Questionnaire when applicable)
 - Receive and review response from respondent
 - Request additional information from respondent (when applicable)
 - Request additional information from complainant (when applicable)
 - Draft investigative report and submit for review by Enforcement Director
 - Review of Draft Investigative Report by Enforcement Director
 - Submit final report
- **Probable Cause Review**
 - Draft probable cause review memorandum
 - Case assignment to Board member
 - Receive recommendation from Board member
 - Review recommendation from Board member (and discuss when applicable)
 - Request additional information from the complainant or respondent (when applicable)
 - Receive and review response
 - Submit additional information to Board member
 - Receive recommendation from Board member
 - Review recommendation from Board member (and discuss when applicable)
- **Draft Closure Letter (when applicable)**
 - Draft Closure Letter and submit to Board member for review
 - Send Closure Letters to complainant and respondent
- **Draft Pre-Informal Fact-Finding (“IFF”) Consent Order (when applicable)**
 - Draft Pre-IFF Consent Order and submit to Enforcement Director for review
 - Submit Draft Consent Order to Board member for review
 - Send Consent Order to Respondent for consideration
 - Receive signed Consent Order from respondent (when applicable)

- Send Notice of Board meeting to respondent
- If signed Consent Order not received, then schedule IFF conference
- **Draft Informal-Fact Finding (“IFF”) Conference Notice (when applicable)**
 - Draft IFF Notice and submit to Enforcement Director for review
 - Submit Draft IFF Notice to Board member for review
 - Send IFF Notice to respondent
 - Conduct IFF
 - Receive IFF Transcript
 - Draft Post-IFF Consent Order (when applicable)
 - Draft Post-IFF Consent Order and submit to Enforcement Director for review
 - Submit Draft Post-IFF Consent Order to Board member for review
 - Send Consent Order to respondent for consideration
 - Receive signed Consent Order from respondent
 - Send Notice of Board meeting to respondent
 - If respondent does not sign Consent Order, then draft a Presiding Officer Recommendation
 - Draft Presiding Officer Recommendation (when applicable)
 - Draft Presiding Officer Recommendation and Ratification and Order and submit to Enforcement Director for review
 - Submit Draft Presiding Officer Recommendation and Ratification and Order to Board members for review
 - Send Presiding Officer Recommendation, Notice of Board Meeting, and IFF Transcript to Respondent
- **Board Review**
 - Provide case numbers for inclusion on Board meeting agenda
 - Draft Ratification and Order (when applicable) and Enforcement Board Packet for review by the Enforcement Director
 - Provide final Ratification and Order and Enforcement Board Packet to Enforcement Director
 - Provide Ratification and Order (when applicable) and Enforcement Board Packet to Board members
 - Attend Board meeting
 - If Consent Order accepted, send copy teste to respondent (when applicable)
 - If Presiding Officer Recommendation accepted, send final Ratification and Order to respondent (when applicable)
 - If Presiding Officer Recommendation modified, revise and send Draft final Ratification and Order and send to respondent



CPE Violation Penalties

Guidelines

Approved ~~February 25, 2020~~ [June 24, 2021](#)

I. STATEMENT OF INTENT

To assist in the efficient, effective, and fair resolution of continuing professional education (“CPE”) deficiencies, these guidelines have been provided to the Virginia Board of Accountancy’s (“VBOA”) Enforcement Division staff. A “case” as used in the guidelines below includes both failed CPE compliance reviews and disciplinary investigations where CPE deficiencies are discovered.

These guidelines are intended to serve as an aid in assigning appropriate penalties for CPE violations.

II. NON-COMPOUNDING PENALTIES

Penalties listed in this chart do not combine or “stack” with one another, though they may be combined with one or more of the penalties listed in the chart under Part III, “Compounding Penalties.” All monetary penalties and CPE hours due under this chart must be submitted to the VBOA within ninety (90) days of the entry date of the Consent Order.

Deficiency

[Deficient ≤3 hours in a reporting period \(other than ethics and/or A&A\)](#)

Deficient ~~4-9~~ hours in a reporting period (other than ethics and/or A&A)

Deficient 10–20 hours in a reporting period

	1 st Case (self-report)	1 st Case (all others)	2 nd Case (all)	3 rd Case (all)
	<ul style="list-style-type: none"> • Advisory Letter 	<ul style="list-style-type: none"> • Reprimand 	<ul style="list-style-type: none"> • Same as deficient 4-9 hours 	<ul style="list-style-type: none"> • Same as deficient 4-9 hours
	<ul style="list-style-type: none"> • Reprimand • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement 	<ul style="list-style-type: none"> • \$250 monetary penalty • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement • Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken 	<ul style="list-style-type: none"> • \$500 monetary penalty • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement • Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken 	<ul style="list-style-type: none"> • \$750 monetary penalty • Suspension of license for 1 year • Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement
	<ul style="list-style-type: none"> • \$250 monetary penalty • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement • Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken 	<ul style="list-style-type: none"> • \$500 monetary penalty • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement • Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken 	<ul style="list-style-type: none"> • \$750 monetary penalty • Suspension of license for 1 year • Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement 	<ul style="list-style-type: none"> • \$1,000 monetary penalty • Revocation of license • May apply for reinstatement no sooner than 5 years after date of disciplinary action • Must come before the VBOA to be considered for reinstatement • Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

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Deficiency

Deficient 20.1–40 hours in a reporting period

1st Case (self-report)

- \$500 monetary penalty
- Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

1st Case (all others)

- \$750 monetary penalty
- Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

2nd Case (all)

- \$1,000 monetary penalty
- Suspension of license for 1 year
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

3rd Case (all)

- \$2,000 monetary penalty
- Revocation of license
- May apply for reinstatement no sooner than 5 years after date of disciplinary action
- Must come before the VBOA to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

Deficient 40.1–90 hours in a reporting period

- \$625 monetary penalty
- Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

- \$875 monetary penalty
- Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

- \$1,125 monetary penalty
- Suspension of license for 1 year
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

- \$2,000 monetary penalty
- Revocation of license
- May apply for reinstatement no sooner than 5 years after date of disciplinary action
- Must come before the VBOA to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

Deficiency

Deficient > 90 hours in a reporting period

1st Case (self-report)

- \$750 monetary penalty
- Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement
- Subject to CPE compliance review for subsequent 3-year reporting period that begins in the year disciplinary action is taken

1st Case (all others)

- \$1,000 monetary penalty
- Suspension of license for 1 year
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

2nd Case (all)

- \$2,000 monetary penalty
- Suspension of license for 3 years
- Must come before the VBOA to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

3rd Case (all)

- \$3,000 monetary penalty
- Revocation of license
- May apply for reinstatement no sooner than 5 years after date of disciplinary action
- Must come before the VBOA to be considered for reinstatement
- Subject to CPE compliance review for subsequent 3-year reporting period following reinstatement

III. COMPOUNDING PENALTIES

Penalties listed in this chart may be imposed individually, or may be combined with each other or with any single penalty listed in the chart under Part II, "Non-Compounding Penalties." All monetary penalties and CPE hours due under this chart must be submitted to the VBOA within ninety (90) days from the entry date of the Consent Order.

Deficiency	1 st Case (self-report)	1 st Case (all others)	2 nd Case (all)	3 rd Case (all)
Failure to take Virginia-Specific Ethics Course only in any given calendar year(s)	• Reprimand	• \$250 monetary penalty	• \$500 monetary penalty	• \$750 monetary penalty
Failure to meet the annual minimum 20 CPE hours in any given calendar year(s)	• Reprimand	• \$250 monetary penalty	• \$500 monetary penalty	• \$750 monetary penalty
Failure to take 8 hours of Auditing and Attestation in any given calendar year(s)	<ul style="list-style-type: none"> • Reprimand • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement 	<ul style="list-style-type: none"> • \$250 monetary penalty • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement • (If deficient A&A for more than 1 calendar year) May not release or authorize the release of reports on attest, compilation, or financial statement preparation services for 1 year 	<ul style="list-style-type: none"> • \$750 monetary penalty • Must make up deficient CPE for each year of reporting period, which does not count towards the current year requirement • (If deficient A&A for more than 1 calendar year) May not release or authorize the release of reports on attest, compilation, or financial statement preparation services for 2 years 	<ul style="list-style-type: none"> • \$1,250 monetary penalty • (If deficient A&A for more than 1 calendar year) May not release or authorize the release of reports on attest, compilation, or financial statement preparation services for 3 years
Failing to meet any CPE requirement for a given calendar year or for the reporting period	• Submit proof of completion of the current year's Virginia-Specific Ethics Course	• Submit proof of completion of the current year's Virginia-Specific Ethics Course	• Submit proof of completion of the current year's Virginia-Specific Ethics Course	• Submit proof of completion of the current year's Virginia-Specific Ethics Course

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Deficiency

Failure to respond within 30 days
Failure to update mailing or email address

Failure to comply with terms and conditions of VBOA
Failure to respond at all to a compliance review

Failure to respond at all to a compliance review
CPE

	1st Case (self-report)	1st Case (all others)	2nd Case (all)	3rd Case (all)
Failure to respond within 30 days	• \$100 monetary penalty	• \$100 monetary penalty	• \$200 monetary penalty	• \$300 monetary penalty
Failure to update mailing or email address	• \$100 monetary penalty	• \$100 monetary penalty	• \$200 monetary penalty	• \$300 monetary penalty
Failure to comply with terms and conditions of VBOA	• Suspension of license • Must come before the VBOA to be considered for reinstatement	• Suspension of license • Must come before the VBOA to be considered for reinstatement	• Suspension of license • Must come before the VBOA to be considered for reinstatement	• Suspension of license • Must come before the VBOA to be considered for reinstatement
Failure to respond at all to a compliance review	• Proceeding under Code of Virginia § 2.2-4019	• Proceeding under Code of Virginia § 2.2-4019	• Proceeding under Code of Virginia § 2.2-4019	• Proceeding under Code of Virginia § 2.2-4019