
Virginia Board of Accountancy
Biennial Report
as of Fiscal Year ending June 30, 2012



Virginia Board of Accountancy
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Submitted November 1, 2012

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Virginia Board of Accountancy (VBOA) Overview

Message from the Executive Director

I am pleased to present the Virginia Board of Accountancy's (VBOA) Biennial Report as of the fiscal year ended June 30, 2012. The VBOA has been blessed with extremely dedicated, engaged and active Board members who volunteer at the national level (AICPA & NASBA) and through other boards, commissions and not-for-profit organizations. The VBOA is a working board, dedicating hundreds of volunteer hours in serving the board and evidenced by significant accomplishments over the past several years. Dating back several years, the VBOA completely rewrote its statute (July 1, 2007) and regulations (September 16, 2010). More recently, the VBOA has focused primarily on its communication efforts to CPA Exam candidates, licensees and the public (detailed in the Significant Accomplishments section of this report). In summary the VBOA has: started holding at least one board meeting each year on a Virginia college or university campus; produced an Education Handbook and Education Self-Evaluation Worksheet for students and educators; produced an electronic newsletter that is sent out at least twice per year; begun publishing disciplinary action taken by the board against CPA licensees and unlicensed individuals, both in our e-newsletter and on our website; launched a new website that boasts user-friendly navigational tools and enhanced content; and implemented an online customer service satisfaction survey that is sent to approximately 28,000 CPA licensees and exam candidates in Virginia.

Moving forward, the VBOA will continue to enhance its communications efforts to ensure our CPA Exam candidates, licensees and the public are kept up-to-date on the issues that are of most importance from a regulatory board viewpoint, to include the launch of social media applications (Facebook, Twitter and Linked-In). In addition, key issues and projects that face the VBOA include: a fee increase that is necessary to protect the fiscal integrity of the board and to ensure that adequate resources exist to comply with its primary statutory requirement to protect the citizens of the Commonwealth; implementation of a new database application that will be more cost effective, user-friendly, adaptable and specific to the CPA profession; the codification of board policies required by VBOA statutes and regulations; and, the evaluation of VBOA needs as they relate to the current statutes and regulations.

I am excited over our accomplishments during the past two years, and look forward with great anticipation to the plans we have developed for the future of the VBOA.

Wade A. Jewell

Wade A. Jewell, Executive Director
Virginia Board of Accountancy

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About the VBOA

The Virginia Board of Accountancy (VBOA), established in 1910, regulates Certified Public Accountants (CPAs) in Virginia through a program of examination, licensure (individuals and firms), consumer protection (enforcement), continuing professional education and peer reviews.

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

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

Mission and Values

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

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

- High Ethical Standards and Integrity
Pledging principled and reputable conduct;
- Exceptional Customer Service
Demonstrating a courteous, empathetic and helpful attitude while assisting each customer to reach their goal;
- Honesty and Fairness
Acting with openness, impartiality, and consistency;
- Teamwork
Excelling mutually, the Board will work together with citizens and licensees to achieve the shared vision;
- Competence
Striving for proficiency through creativity, innovation and diversity;
- Communication
Achieving enhanced understanding between the Board, the educational community, the regulated community and the public through effective communications, interactions, and service;
- Continuous Improvement
Striving to innovate and to change where change is needed; and
- Financial Stewardship
Maintaining frugality with respect to the expenditures of funds.

Board Membership

Board membership is defined in **§ 54.1-4402.B.**, of the Code of Virginia. In summary, the Board is comprised of four CPAs who have been actively engaged in providing services to the public using the CPA title for at least three years prior to appointment to the Board, one CPA for at least three years prior to the appointment to the Board shall have been actively engaged in providing services to the public using the CPA title or in providing services to an employer in government or industry using the CPA title, one educator in the field of accountancy who is a CPA, and one citizen member who may be an accountant who is not licensed as a CPA. Each member is appointed by the Governor to serve a four-year term and may not serve for more than two consecutive terms.

Board members during the period of this report:

Board Member	Term as of June 30, 2012	Term Expiration Date
W. Barclay Bradshaw, CPA Richmond, VA	1st	June 30, 2015
Regina P. Brayboy, MBA, MPA (citizen member) Suffolk, VA	2nd	June 30, 2012
Dian T. Calderone, MTX, CPA Williamsburg, VA	2nd	June 30, 2012
Robert J. Cochran, Ph.D., CPA (educator member) Midlothian, VA	1st	June 30, 2015
Tyrone E. Dickerson, CPA* Richmond, VA	2nd	June 30, 2013
Andrea M. Kilmer, CPA, CFF, CGMA Virginia Beach, VA	1st	June 30, 2014
Lawrence D. Samuel, CPA ** Midlothian, VA	2nd	June 30, 2012
* Board Chairman in FY11.		
** Board Chairman in FY12.		

Board Member Profiles

W. Barclay Bradshaw, CPA

Term: July 1, 2011 to June 30, 2015

Mr. Bradshaw graduated from the University of Richmond with a Bachelor of Science in Business Administration. Mr. Bradshaw has public accounting experience with both national and Central Virginia firms. He has audit and tax responsibilities in the real estate and not-for-profit client practices. His experience includes providing service to voluntary health and welfare organizations, foundations, religious organizations and a variety of other similar organizations. Mr. Bradshaw has also served a variety of construction-related entities as well as multifamily housing projects. In addition, he has provided audit services to private and governmental organizations in compliance with the audit requirements of HUD, VHDA, FTA and OMB.

Regina P. Brayboy, MBA, MPA (citizen member)

Term: July 1, 2004 to June 30, 2012

Ms. Brayboy is a graduate of the College of William & Mary (Master of Business Administration), Old Dominion University (Master of Public Administration) and Christopher Newport University (Bachelor of Science in Business Administration). Ms. Brayboy serves as the Vice President of Administration and Financial Services for Virginia International Terminals, Inc. (VIT) which is the operating company for the Virginia Port Authority. Ms. Brayboy oversees financial services, administration and human resources for VIT. She is responsible for its financial plans, policies and reporting, its relationships with lending institutions and the financial community, its budgetary controls, and procurement and risk management.

Dian T. Calderone, MTX, CPA

Term: July 1, 2004 to June 30, 2012

Ms. Calderone holds a Bachelor's degree in Accounting from Christopher Newport University and a Master's degree in Taxation from Old Dominion University. She has been in public practice as a CPA since 1980 and currently is the Vice President of Hunt & Calderone, P.C., Certified Public Accountants. She specializes in taxation, consulting and litigation support. She is a former adjunct professor at Christopher Newport University and a current adjunct professor at Old Dominion University. Ms. Calderone has served the Board as chair and vice-chair.

Robert J. Cochran, Ph.D., CPA (educator member)

Term: July 1, 2011 to June 30, 2015

Dr. Cochran earned a Bachelor's degree in accounting from the College of William and Mary. He began his career with Peat, Marwick, Mitchell & Co. At PMM&Co. he served a variety of audit clients, primarily in the financial services industry. Dr. Cochran left PMM&Co. to pursue an opportunity with a start-up wholesale mortgage banking

concern eventually becoming the Senior Vice President and Chief Financial Officer. As a result of a series of mergers and acquisitions, he also served as the President of a three office retail mortgage banks and as the Senior Vice President and Chief Administrative Officer for Crestar Mortgage Corporation. Dr. Cochran left Crestar Mortgage to enroll in the doctoral program at Virginia Commonwealth University. Since earning his Ph.D. he has taught a variety of accounting and finance courses, first at the University of Richmond and currently at Longwood University.

Tyrone E. Dickerson, CPA

Term: July 1, 2005 to June 30, 2013

Mr. Dickerson earned a Bachelor's degree in accounting from Central State University and a Master's degree in Business Administration from Harvard Graduate School of Business. Mr. Dickerson was a founding member of Dennis, Dickerson & Wilkins Management Consultants. The firm specialized in financial management and was awarded a contract with Lucas Tucker & Co., CPA to manage the City of New York's Human Resources Administration summer grants programs. Mr. Dickerson's subsequent business experience includes Lucas Tucker & Co., CPA, Urban National Corporation, Mitchell, Titus & Co., CPA and currently as the sole proprietor of Tyrone E. Dickerson, CPA. He specializes in auditing small business and not-for-profit organizations. Mr. Dickerson has served the Board as chair and vice-chair.

Andrea M. Kilmer, CPA, CFF, CGMA

Term: July 1, 2010 to June 30, 2014

Ms. Kilmer graduated from Old Dominion University. After practicing in public accounting with national and regional firms Ms. Kilmer has served as a senior executive for The ESG Companies with extensive experience in all areas of accounting, tax, finance, administration and operations of numerous diverse businesses in Virginia. She has been actively involved in the creation of both permanent and seasonal jobs in areas as diverse as construction, hotels, restaurants, amusement parks, computer training facilities, automobile dealerships, shopping centers and marinas in Virginia.

Lawrence D. Samuel, CPA

Term: July 1, 2004 to June 30, 2012

Mr. Samuel earned a Bachelor's degree in accounting from Virginia Commonwealth University. Mr. Samuel is a retired partner with Deloitte & Touche, LLP. Prior to his retirement, he was the Professional Practice Director for Deloitte's Greater Washington audit practice (including the Washington D.C., Baltimore, Northern Virginia and Richmond offices). In this role, he was responsible for audit quality and had overall responsibility for technical and professional matters in these offices. Mr. Samuel has served the Board as chair and vice-chair.

Partner Organizations

The VBOA works closely with partner organizations to ensure consumer protection and the most efficient and effective operation.

- ❖ **American Institute of Certified Public Accountants (AICPA).** Founded in 1887, the AICPA is the world's largest association representing the accounting profession, with over 350,000 members in 128 countries. The AICPA's mission is to provide members with the resources, information and leadership that enable them to provide valuable services in the highest professional manner to benefit the public, employers and clients. In fulfilling its mission, the AICPA works with state CPA organizations and gives priority to those areas where public reliance on CPA skills is most significant. The AICPA sets ethical standards for the profession and U.S. auditing standards for the audits of private companies, not-for-profit organizations and federal, state and local governments. It also develops and grades the Uniform CPA Examination. To learn more about the AICPA, go to www.aicpa.org.
- ❖ **National Association of State Boards of Accountancy (NASBA).** Founded in 1908, NASBA has served as an association dedicated to enhancing the effectiveness of the country's 55 boards of accountancy. As a driving force within the accounting profession, NASBA accomplishes its mission by creating a forum for accounting regulators and practitioners to address issues relevant to the viability of the accounting profession. The mission of NASBA is to enhance the effectiveness of state boards of accountancy. NASBA strives to provide high quality, effective programs and services, identify, research and analyze major current and emerging issues affecting state boards of accountancy, strengthen and maintain communications with member boards to facilitate the exchange of ideas and opinions and develop and foster relationships with organizations that impact the regulation of public accounting. For more information on NASBA, go to www.nasba.org.
- ❖ **Virginia Society of Certified Public Accountants (VSCPA).** Founded in 1909, the VSCPA has a membership of over 10,000 accounting professional across Virginia. The VSCPA is the leading professional association dedicated to enhancing the success of Virginia CPAs and their profession by communicating information and vision, promoting professionalism and advocating members' interests. The VSCPA serves as the profession's voice at the state and national level, promoting the CPA credential while protecting the public. In addition to keeping members informed of regulatory and legislative issues the VSCPA offers cost-effective continuing professional education, leadership development, volunteer opportunities and career resources. For more information on the VSCPA, go to www.vscpa.com.

Significant Accomplishments

During the biennium, the VBOA launched several initiatives on behalf of CPA stakeholders in Virginia. Below are examples of significant accomplishments in FY11 and FY12.

- ✓ **Online Customer Service Satisfaction Survey.** In 2011 and 2012 the VBOA posted an online Customer Service Satisfaction Survey (CSSS). Each summer nearly 28,000 CPA licensees and exam candidates in Virginia received an email announcing the survey. In 2011, the response rate was 10.1 percent and satisfied responses ranged from 84.3 to 89.2 percent in specified areas of customer service. In 2012, the response rate doubled to 22.3 percent and satisfied responses ranged from 90.8 to 94.3 percent. VBOA staff study survey results to find potential areas for improvement in services. The CSSS is an example of VBOA's commitment to providing the best customer service to CPA stakeholders in Virginia.
- ✓ **Education Handbook and Education Self-Evaluation Worksheet.** In the spring of 2011, the VBOA published the Education Handbook for use by students and educators in Virginia's college and university accounting departments. The appendix of the handbook contains the Education Self-Evaluation Worksheet. Potential exam candidates may use the form to document accounting and business courses in order to determine if education requirements have been met to sit for the Uniform CPA Examination. Staff of the VBOA has distributed the Education Handbook when meeting with students and educators. VBOA staff distributed the handbook at a Board Meeting convened at the University of Richmond in November 2011, the Virginia Society of CPAs Educator's Symposium held annually in June and a presentation at the College of William and Mary in August 2012. The handbook can also be found on the VBOA website at www.boa.virginia.gov.
- ✓ **VBOA e-Newsletter.** In 2011 and 2012 the VBOA published an e-Newsletter and posted it on the agency website. Both issues have been applauded for relevant content and engaging design. Thematic articles, frequently-asked questions, news and statistical reports dominate the content. The e-Newsletter also provides hyperlinks to Virginia statutes, agency and partner websites and a comprehensive listing for new Virginia CPA licensees. The VBOA e-Newsletter can also be found on the VBOA website at www.boa.virginia.gov.
- ✓ **Enforcement Reporting.** For the first time, the VBOA is reporting disciplinary actions taken by the Board against CPA licensees and individuals not holding the CPA license in Virginia. Enforcement statistics from the VBOA may be found on the agency website under the Consumer Protection tab and in the e-Newsletter. Suspensions and revocations are reported, as are other professional violations including practicing without a CPA license, practicing with an expired license, misuse of the CPA title and deficiencies in requirements for continued professional education. Disciplinary actions can be found on the VBOA website at www.boa.virginia.gov.
- ✓ **On-Campus Board Meetings.** Over the biennium, the VBOA has been proactive in its contact and communication with Virginia educational communities. A unique initiative has become a tradition. Three times the Board has convened at a Virginia university to conduct business, take disciplinary action and answer questions from students and faculty. Virginia Commonwealth University, Old Dominion University and University of Richmond hosted the Board in October 2010 and January and November 2011, respectively. In November 2012, the Board plans to take to the road again. Destination: Virginia State University in Petersburg, Virginia.
- ✓ **Website Launch.** In April 2011, a new design of the VBOA website was launched. The website underwent a complete makeover and presently boasts user-friendly navigational tools and enhanced content. CPA stakeholders across Virginia have praised the new look and increased functionality. The new website has increased the efficacy of the VBOA's customer service efforts and daily requests for licensing and exam information have decreased. To view the VBOA website go to www.boa.virginia.gov.

Audit Report Summaries

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

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

- **FY10 – FY11 Financial Statements** - The APA Audit Reports on the VBOA's Financial Statements, dated March 1, 2011 and March 12, 2012, *respectfully*, state “In our opinion, the financial statements . . . present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Board as of June 30, 2010 and 2011, *respectfully*, and the respective changes in financial position thereof for the years ended in conformity with accounting principles generally accepted in the United States of America.”
- **FY10 – FY11 Internal Control Over Financial Reporting and on Compliance and Other Matters** – The APA Audit Reports on the Internal Control Over Financial Reporting and on Compliance and Other Matters, dated March 1, 2011 and March 12, 2012, *respectfully*, did not identify any deficiencies in internal control over financial reporting that were considered to be material weaknesses and disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.
- **FY11 Review of Agency Performance Measures** – The APA audited the performance measures reported on the Virginia Performs website and issued their report titled “Review of Agency Performance Measures” dated April 20, 2012. No exceptions were noted for the Board of Accountancy.
- **FY10 – FY11 Agency Information Security Compliance** – The APA audits information security programs and issued their report titled “State of Information Security in the Commonwealth of Virginia, Spring 2011” on June 21, 2011. This report listed the Board of Accountancy’s overall information security program in compliance for 2010 and 2011.

Summary Statistics

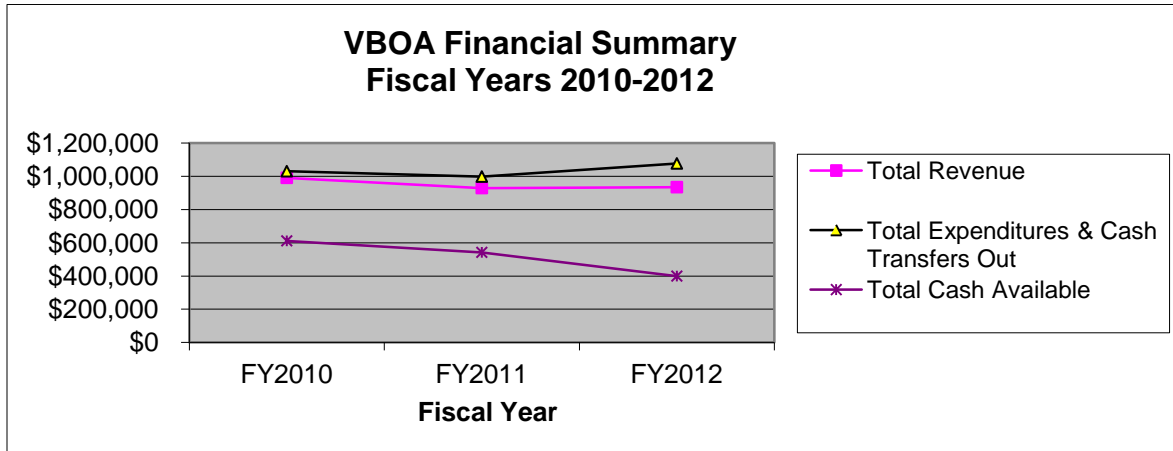
The VBOA's mission is to protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of Certified Public Accountants (CPAs) and CPA firms. The VBOA fulfills its mission through numerous programs and functions, to include financial management and accountability, CPA Examination, CPA Licensure, Continuing Professional Education (CPE), and Consumer Protection (Enforcement).

The following information provides summary data/statistics for each of these programs and functions:

Financial Summary – The VBOA is an independent, non-general fund agency whose revenues are wholly dependent upon the fees established for CPA Exam candidates, applicants and licensees. Ensuring the fiscal integrity of the VBOA's operations is an essential protection function. The VBOA has a responsibility to ensure that the fee structure generates sufficient revenues to cover the VBOA's ongoing operating expenses, to sustain growth and to ensure that the VBOA's Trust account balance is sufficient to protect its purpose.

The purpose of the Trust Account is to provide a supplemental source of funds to the Board on a timely basis for (i) its use in the study, research, investigation, or adjudication of matters involving possible violations of the provisions of this chapter or regulations promulgated by the Board or (ii) any other purpose that the Board determines is germane to its statutory purposes and cannot otherwise be funded through the Fund. The need for this fund has been amply demonstrated by the dramatic collapse of prominent publicly-held companies in the early 2000s, recent high-profile investment frauds, and the most recent economic recession, all of which testify to the importance of high ethical and professional standards and Accountancy Boards' vigilance in protecting the public.

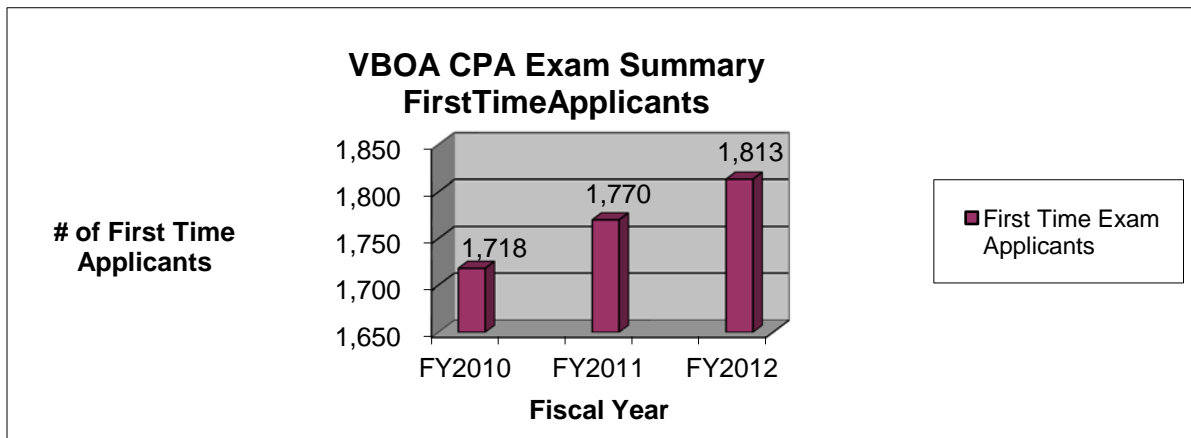
Virginia Board of Accountancy Financial Summary			
	FY Ended June 30, 2010	FY Ended June 30, 2011	FY Ended June 30, 2012
Fee Revenues	\$987,256	\$929,900	\$935,341
Interest Earned	\$4,262	\$0	\$0
Expenditures	(\$896,918)	(\$978,816)	(\$1,057,927)
Cash Transfers Out *	(\$134,390)	(\$20,307)	(\$20,300)
Deficit (Cash Decrease)	(\$39,790)	(\$69,223)	(\$142,886)
Appropriation	\$919,454	\$1,107,017	\$1,231,905
Cash Balances:			
Operating Fund	\$197,726	\$128,503	\$191,617
Trust Account	\$414,164	\$414,164	\$208,164
Total Cash Available	\$611,890	\$542,667	\$399,781
Cumulative Decrease in Total Cash Available since July 1, 2007	(\$580,288)	(\$649,511)	(\$792,397)
* Transfers required by the respective Appropriations Act for savings incurred by non-general fund agencies, expenses incurred by general fund agencies on behalf of non-general fund agencies and state budget shortfall contributions.			



The VBOA's current fee structure is insufficient to effect long-term growth and sustainability. The VBOA has projected that we will exhaust all cash balances by the end of fiscal year 2013. The VBOA submitted a regulatory package on November 9, 2010 and a revision on January 11, 2012 that will implement a revised fee structure to address the long-term growth, sustainability and Trust Fund Account needs of the agency. While some fees have been reduced over the past decade, there has been no licensure fee increase since the early 1990s. The VBOA currently maintains the lowest fee structure among boards of accountancy in the United States. The proposed fee increase will ensure the fiscal integrity of the VBOA's operations and is an essential protection function to both individual CPAs and CPA firms. On September 6, 2012 the Governor reviewed and approved the final regulation. The VBOA submitted the final regulation to the Registrar for publication and expects to implement the new fee schedule on or about January 1, 2013.

CPA Examination – To be eligible to take the CPA Exam in Virginia, an individual must have obtained from one or more accredited institutions (or the National College) at least 120 semester hours of education, a baccalaureate or higher degree, and an accounting concentration or equivalent. It should be noted that CPA licensure in Virginia requires at least 150 semester hours of education, a baccalaureate or higher degree, and an accounting concentration or equivalent.

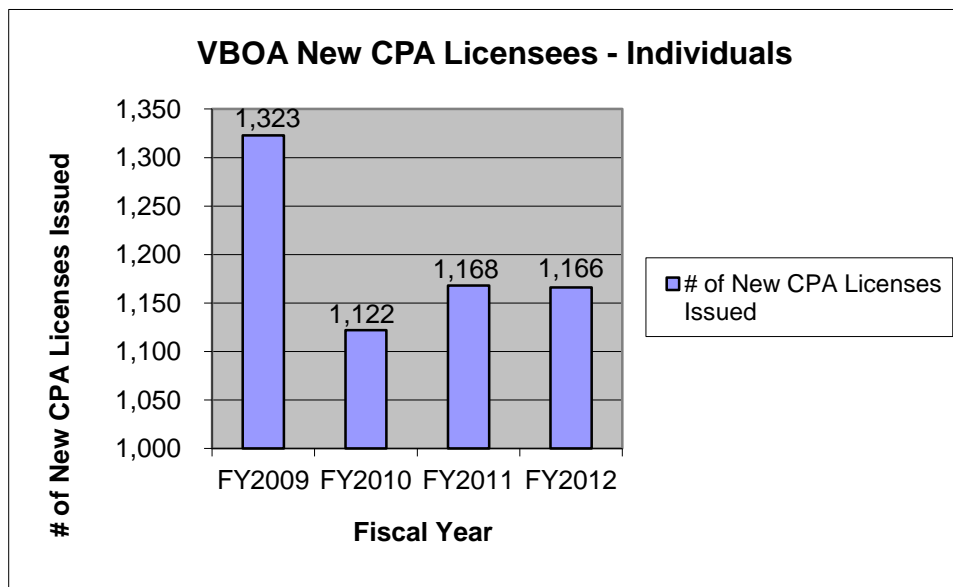
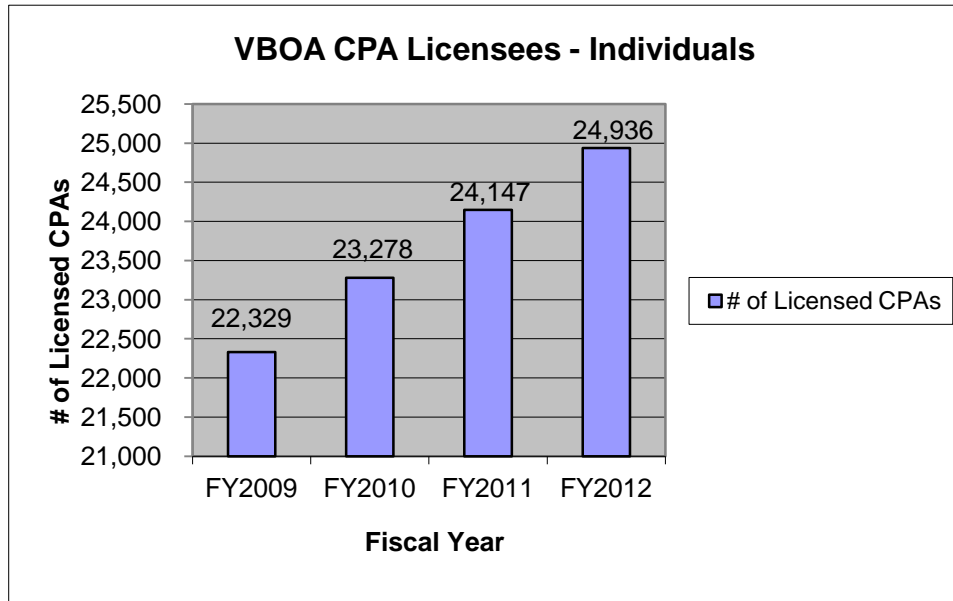
The following chart depicts the number of first time applicants to take the CPA Exam over the past three fiscal years. The VBOA experienced a 3% increase in applications from FY10 to FY11. However, FY12 represents a 5.5% increase over FY10.



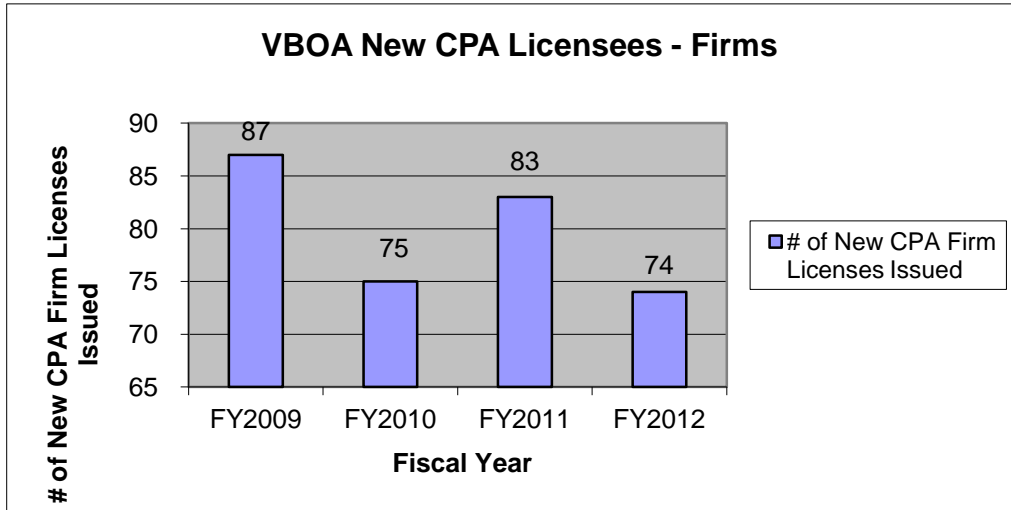
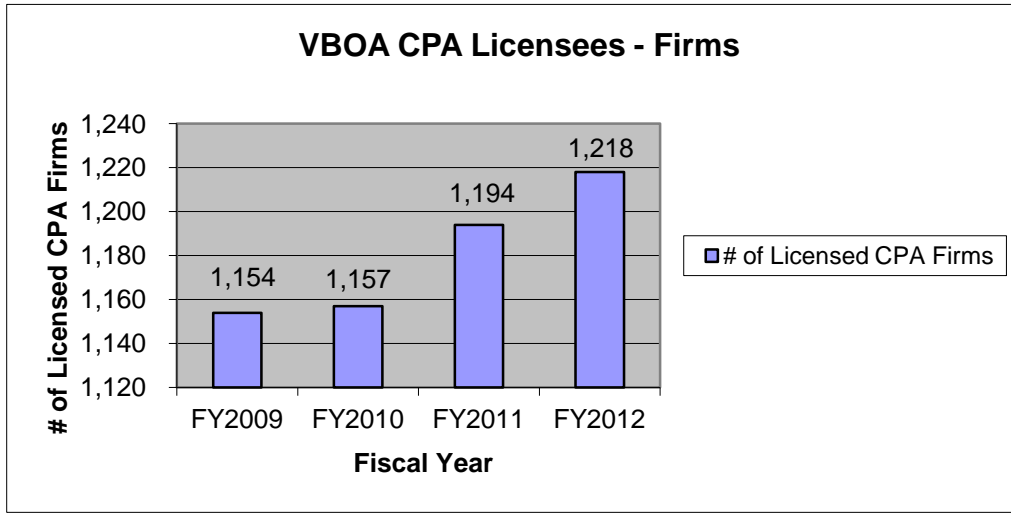
CPA Licensure – In order to become a licensed CPA in Virginia, a candidate must first meet the “3 E’s”: (1) Education, (2) Exam and (3) Experience. Once a candidate has met the education and experience requirements, and has passed the CPA Exam, he may apply for licensure in Virginia.

The following charts demonstrate the number of active licensed CPAs in Virginia for the past four fiscal years, as well as the number of new CPA licenses issued for each of the past four fiscal years.

While there has been a 3.9% increase in new licenses issued between FY10 and FY12, the number of licensed CPAs has increased 7.1% during the same time period. This reflects that fewer Virginia CPAs are giving up their license. This may be due to the economic recession – finding fewer CPAs retiring or extending their retirement age/date.



CPA Firm Licensure – In accordance with subsection A of § 54.1-4412.1 of the Code of Virginia, only a firm can provide attest or compilation services to persons or entities located in Virginia. Therefore, any firm providing such services must have a firm license.



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

On a monthly basis the VBOA randomly selects licensed Virginia CPAs for CPE compliance. Licensees are notified by VBOA staff if they are selected for a CPE compliance review. If selected, licensees are required to submit acceptable supporting CPE documentation to verify compliance. As a function of this CPE review process, licensees may be required to provide additional documentation as requested by the VBOA to support compliance.

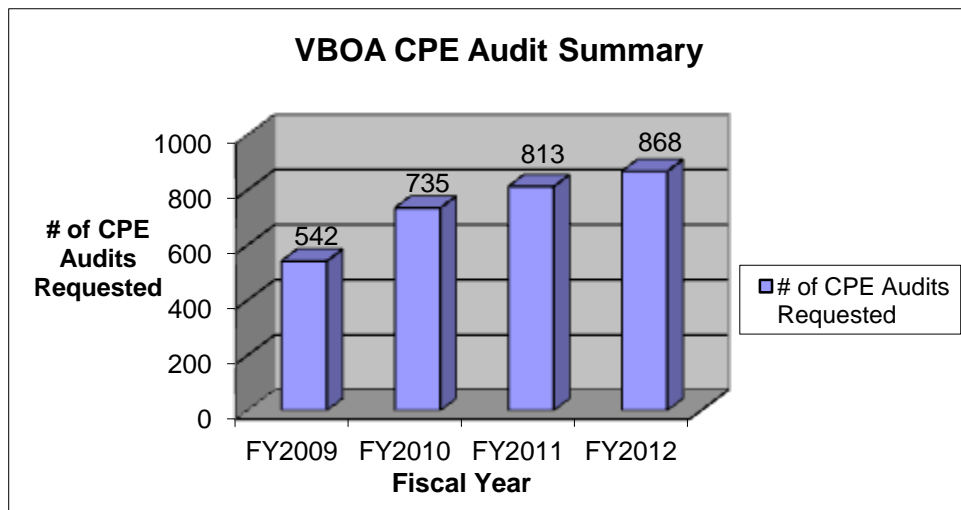
In addition to the random selection process, licensed Virginia CPAs will also be selected for a CPE compliance review as a component of any open investigation (Enforcement case), or in situations where the VBOA believes that a CPE compliance review is warranted.

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

The following chart exhibits the number of CPE audits performed over the past four fiscal years, with corresponding compliance percentages.

Virginia Board of Accountancy CPE Audit Summary				
	FY2009	FY2010	FY2011	FY2012
# of CPE Audits Requested	542	735	813	868
# of CPE Audits in Full Compliance	517	727	782	763 *
% Compliant	95.4%	98.9%	96.2%	n/a *

* FY2012 review of CPE audits is still in process.



Enforcement Activity

Authority

The VBOA's statutory authority is in Chapter 44 of Title § 54.1 of the Code of Virginia (§ 54.1-4400 et seq). The VBOA's mission is to protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of Certified Public Accountants (CPA) and CPA firms.

Pursuant to § 54.1- 4402.G. of the Code of Virginia, "*The Board shall take such actions as may be authorized by this chapter to ensure that persons using the CPA title in Virginia and firms providing attest services or compilation services to persons or entities located in Virginia adhere to the standards of conduct and practice in § 54.1-4413.3 and regulations promulgated by the Board.*" Specific powers and duties of the VBOA related to the initiation and receipt of complaints can be found in § 54.1-4403 of the Code of Virginia.

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

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

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

Common Complaints

The VBOA investigates 100 complaints per year. Complaints may originate from the public, another CPA, a client, a previous client, a state or federal agency and/or other sources. The VBOA itself may initiate a complaint. Some common complaints investigated include:

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

- Ethics violations; and
- Violations of the respective Virginia statutes and/or regulations.

Some common complaints NOT investigated by the VBOA are:

- Fee disputes;
- Authority over non-CPA accountants or bookkeepers;
- Tax fraud (normally referred to the IRS Fraud Division);
- Disagreements, minor errors or mistakes; and
- Cases currently in litigation.

Procedures

Once a complaint is received by the VBOA Office it is reviewed by the Enforcement Manager. If probable cause exists to initiate an investigation, the complaint is assigned a case number and the investigation process begins. Depending upon the type of complaint and/or violation of statute or regulation, the case may be administered by VBOA staff or referred to the VBOA Enforcement Committee for resolution.

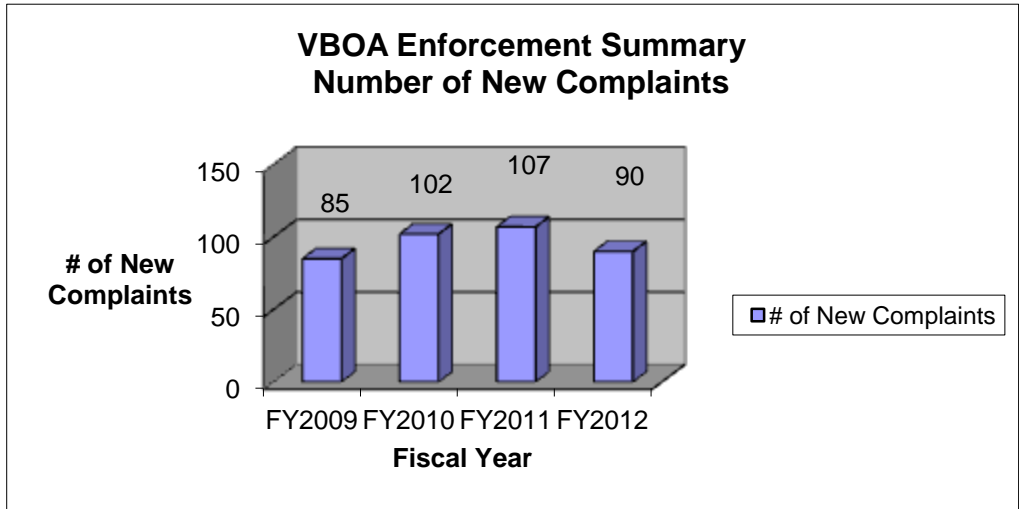
If sanctions are deemed appropriate, a potential resolution of the complaint is proposed in writing to the CPA or unlicensed individual in the form of a Consent Order (Order). If the individual signs the Order agreeing fully to the terms and conditions, the Order is then brought before the full Board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

All open cases are deemed confidential and are not made available to the public. However, closed cases are made available to the public upon a Freedom of Information Act (FOIA) request.

Enforcement Statistics

In carrying out its mission "to protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of Certified Public Accountants (CPAs) and CPA firms," the VBOA is responsible for investigating complaints against CPAs, CPA firms and unlicensed activities. Complaints originate from numerous sources to include clients, other CPAs, federal or state regulators or identified through agency oversight programs.

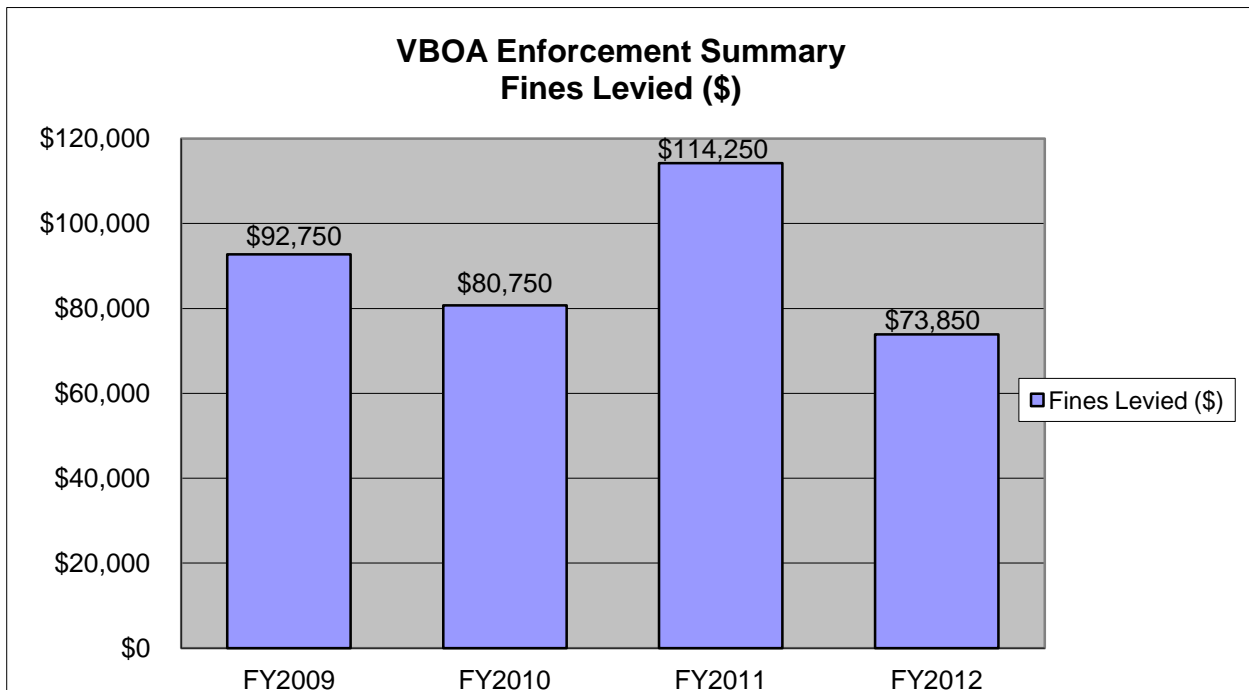
The following charts represent a summary of new complaints and the dollar amount of fines levied from FY2009 through FY2012.



Penalties/Fines

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

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



Closed Investigations

A summary of closed enforcement cases from calendar years 2007 through 2011 by source of complaint, allegation/issue, and resolution follows.

Number of Closed Cases	Calendar Year				
	2007	2008	2009	2010	2011
	46	54	86	94	79

Source of Complaint	2007 Cases		2008 Cases		2009 Cases		2010 Cases		2011 Cases	
	#	%	#	%	#	%	#	%	#	%
VBOA CPE compliance review	3	7	12	22	37	43	79	84	41	52
Client	19	42	17	31	15	17	8	9	9	11
Employer/Employee	5	11	2	4	10	12	1	1	2	3
Other CPA	2	4	3	6	4	5	0	0	9	11
Anonymous	7	15	13	24	12	14	4	4	5	6
Federal, state, local or international agency/jurisdiction♦	2	4	1	2	0	0	0	0	3	4
Non-governmental professional organization*	2	4	4	7	5	6	1	1	1	2
Public	6	13	2	4	3	3	1	1	9	11
TOTALS	46	100	54	100	86	100	94	100	79	100

♦Examples: IRS, PCAOB, SCC, SEC and HUD

*Examples: AICPA, NASBA and VSCPA

Allegation/Issue	2007 Cases		2008 Cases		2009 Cases		2010 Cases		2011 Cases	
	#	%	#	%	#	%	#	%	#	%
Unlicensed Activity	14	30	8	15	19	22	10	11	11	14
Due Professional Care	13	28	19	35	22	26	1	1	5	6
Tax-Related Matters	4	9	1	2	1	1	1	1	6	8
Discreditable Act	6	13	12	22	6	7	0	0	4	5
CPA Exam Candidates	6	13	2	4	1	1	1	1	8	10
CPE Deficiency	3	7	12	22	37	43	79	84	41	52
Holding Client Files	0	0	0	0	0	0	2	2	4	5
TOTALS	46	100	54	100	86	100	94	100	79	100

Case Resolution		2007 Cases		2008 Cases		2009 Cases		2010 Cases		2011 Cases	
		#	%	#	%	#	%	#	%	#	%
Closed by Board Order or Consent Order◊	Revocation	1	2	0	0	2	2	0	0	0	0
	Suspension	1	2	1	2	4	5	1	1	3	4
	Probation	1	2	2	4	2	2	0	0	0	0
	Monetary Penalty	7	15	7	13	25	29	19	20	26	32
	Reprimand	1	2	13	24	20	23	64	68	35	44
	Other◆	3	7	2	4	1	1	0	0	0	0
Closed by Other Means	Denial of CPA Exam Request	6	13	2	4	1	1	2	2	7	9
	No Violation Found	14	30	25	46	19	22	7	7	6	8
	Withdrawal of Complaint	4	10	0	0	7	8	1	1	2	3
	Other●	8	17	2	4	5	6	0	0	0	0
TOTALS		46	100	54	100	86	100	94	100	79	100

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

◆Examples: Additional CPE, written/oral essay and appearance before Board.

●Examples: Closed by mediation, closed by another state board, judged outside the Board's jurisdiction and passing the case to Commonwealth Attorney's office for prosecution.