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COURSE OBJECTIVES

WHEN YOU COMPLETE THIS COURSE, YOU WILL BE ABLE TO:

- Describe the difference between statutes, regulations, policies and ethics
- Demonstrate sound ethical judgment using the Code of Professional Conduct
- Outline the rules that govern the profession in the Commonwealth of Virginia
- Determine the CPE requirements needed to maintain your license in good standing

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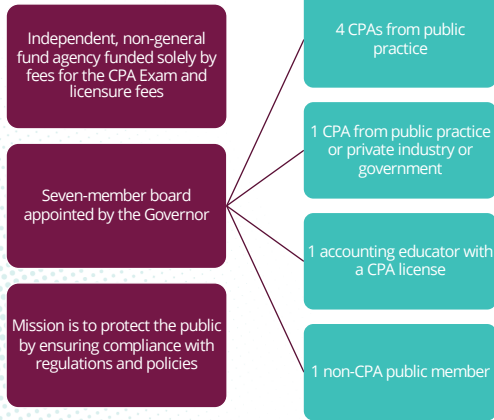
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CHAPTER 2

Virginia Board of Accountancy

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ABOUT THE VIRGINIA BOARD OF ACCOUNTANCY (VBOA)



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PURPOSE OF THE VBOA

MISSION

Protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of CPAs and CPA firms

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DIFFERENCE BETWEEN VBOA AND VSCPA

VBOA	VSCPA
<ul style="list-style-type: none">• A State agency	<ul style="list-style-type: none">• A voluntary membership organization
<ul style="list-style-type: none">• Mission – to protect the public	<ul style="list-style-type: none">• Mission – to help CPAs thrive
<ul style="list-style-type: none">• Grants license to individuals and firms	<ul style="list-style-type: none">• Has no licensing authority
<ul style="list-style-type: none">• Has regulatory authority	<ul style="list-style-type: none">• Has no regulatory authority
<ul style="list-style-type: none">• Has an enforcement process	<ul style="list-style-type: none">• Has no enforcement authority
<ul style="list-style-type: none">• Audits CPE for compliance	<ul style="list-style-type: none">• Provides CPE to help CPAs maintain license

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CHAPTER 3 Legally Speaking

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STATUTES

- Also known as Code of Virginia
- Statutes are the law and must be followed
- Requires majority vote of General Assembly and approval of Governor to be changed

REGULATIONS

- Also known as rules or Administrative Code of Virginia
- Interprets statute
- Considered authoritative as long as it doesn't conflict with statute
- Must follow Administrative Process Act to be changed

POLICIES

- Support and further interpret statutes and regulations
- Authoritative but don't carry as much weight as statutes and regulations
- Can be changed by a majority vote of VBOA but subject to a 30-day public comment period

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CHAPTER 4

Licensure & CPE Requirements

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INDIVIDUAL LICENSE REQUIREMENTS

- The 3 E's – Education, Exam, and Experience
 - To sit for the exam, complete 120 credit hours and a baccalaureate or higher degree with an accounting concentration or equivalent
 - Complete 150 credit hours and pass the CPA exam with a score of 75 or higher on each section, within an 18-month period
 - Complete at least 2,080 hours full-time employment (equivalent to one year) using accounting, financial, tax, or other skills.
- A licensee from another state that has moved to Virginia may apply under substantial equivalency

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LICENSE RENEWAL

- Individual and firm licenses in Virginia must be renewed annually no later than June 30 (open renewal is available March 1 – June 30 each year)
- When renewing your license, you must affirm to complying with licensing requirements, completing CPE, and agreeing to abide with current VBOA laws and regulations
- Failure to renew timely results in expiration of your license and will require reinstatement, which is more costly and cumbersome than renewal
- Renewal reminders are sent by mail, email and text message (if opted in)

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LICENSE STATUS

- Can be “Active” or “Inactive”
 - Active = currently provides services or participates in job duties using accounting, financial, tax or other relevant skills ; CPE required
 - Inactive = does not provide any type of financial, accounting, or similar duties for employment; no CPE required but license must still be renewed annually
- “Inactive” status must be applied for AND granted by the VBOA
 - If application for inactive status is denied, appeal is available
 - If still denied on appeal, inactive status will not be granted

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USING THE CPA TITLE IN VIRGINIA

- You must be licensed in order to use the CPA title in Virginia
- If Virginia is your principal place of business and you are providing services to the public, you must hold a Virginia CPA license
- Your license status may be Active or Inactive

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CONTINUING PROFESSIONAL EDUCATION (CPE) REQUIREMENTS

- 120 CPE hours over a rolling three-year period
- Minimum of 20 hours annually
- Ethics - 2 hours annually (course must be VBOA-approved)
- Accounting & Auditing (A&A) - 8 hours annually if applicable

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QUALIFYING CPE

- Other than the annual ethics course, the VBOA does not require CPE from a registered provider
- Wide variety of acceptable options including:
 - Attending a seminar or conference (in-person or online)
 - Completing a college-level course
 - Nano-learning
 - Self-study
 - Providing training as a subject matter expert
 - Publishing professional, peer-reviewed articles
 - Passing certain exams or obtaining additional related certifications
 - Teaching a college-level course

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CPE DOCUMENTATION

- Must maintain documentation for 4 calendar years preceding the current calendar year
- Acceptable documentation contains:
 - Date CPE was taken
 - Topic
 - Length
 - Validation of attendance
- Unacceptable documentation
 - Receipts
 - Registration confirmation
 - Cancelled checks
 - Outlines, PowerPoint presentations or other course materials

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CPE RECIPROCITY

- If Virginia is not your principal place of business and you are licensed in another state, as long as you meet the CPE requirements of that state you will be considered in compliance in Virginia as well.
- Note: If your principal place of business does not have an ethics CPE requirement then you must meet Virginia's ethics CPE requirement.

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CPE AUDITS

- CPAs are randomly selected for CPE audits on a monthly basis
- If selected, you must submit your information via the NASBA CPE Audit Service website (<https://cpeauditservice.nasba.org/>)
 - Regularly maintaining your records on the website makes it easier if selected for an audit
- If you find yourself short on CPE for a reporting period, it is best to self-report this to the VBOA
 - Lesser penalties are generally imposed for self-reporting

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VBOA INFORMATION & QUESTIONS

General information regarding licensure and CPE can be found on the VBOA website at <https://boa.virginia.gov/>.

Specific questions should be directed to the VBOA by email at boa@boa.virginia.gov or by phone at (804) 367-8505.

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CHAPTER 5

Firm Licensure & Peer Review

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FIRM LICENSURE

- **§ 54.1-4412.1. Licensing requirements for firms.**
- A CPA firm is defined as an entity that is owned with an equity ownership of 51% or more of CPA licensees.
 - Only CPA firms can provide attest, compilation and financial statement preparation services to persons or entities located in Virginia
 - Non-CPA firms may provide compilation and preparation services if they do not refer to AICPA professional standards in any reporting they provide in connection with those services
- Attest (audit services, review services, and attestation engagements) are services where you follow AICPA professional standards.
- The principal place of business is generally determined by the firm through facts and circumstances.

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FIRM RECIPROCITY

If a CPA firm is not required by Virginia to obtain a firm license, they are allowed to serve persons and entities in Virginia if they have a firm license from a *substantially equivalent* jurisdiction.

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PEER REVIEW

- **§ 54.1-4412.1, D.6**
 - If the services provided by the firm are within the scope of the practice-monitoring program of the American Institute of Certified Public Accountants (AICPA) or its successor, the firm shall enroll in the program or in another practice-monitoring program for attest services, compilation services, and financial statement preparation services that is approved by the Board.
- Enrollment in peer review is not required if firm's highest level of service is financial statement preparation, but financial statement preparation will be included in peer review if firm is enrolled.
- If firm is enrolled in peer review, the firm must be enrolled in the facilitated state board access program.

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TAX SERVICES

A CPA firm that provides tax services but does not provide attest, compilation, and/or financial statement preparation services is not required to have a firm license.

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CHAPTER 6

Code of Professional Conduct

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WHAT IS THE CODE OF PROFESSIONAL CONDUCT?

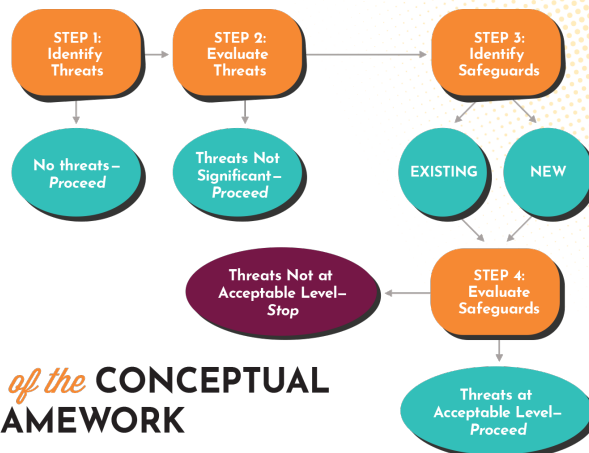
- AICPA Code of Professional Conduct incorporated in Code of Virginia (statute) by reference in evergreen fashion – i.e. statute automatically updates as Code of Conduct changes
 - **§ 54.1-4413.3. Standards of conduct and practice.**
 4. Follow the Code of Professional Conduct, and the related interpretive guidance, issued by the American Institute of Certified Public Accountants, or any successor standard-setting authorities.
- Establishes the rules for acting with integrity and objectivity, professional competence and due care, confidentiality and professional behavior
- Public trust principle - members should accept the obligation and act in a way to serve the public interest, honor the public trust, and demonstrate a commitment to professionalism

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CONCEPTUAL FRAMEWORK

- Designed to help CPAs navigate the Code of Professional Conduct based on individual situations
- Allows for professional judgment



STEPS *of the* CONCEPTUAL FRAMEWORK

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AICPA RESOURCES

- Ethics Hotline
 - 1-888-777-7077 (select option 2, then 3) or ethics@aicpa.org
- Online Professional Ethics Library
 - <https://pub.aicpa.org/codeofconduct/Ethics.aspx>
 - ✓ AICPA Code of Professional Conduct
 - ✓ Plain English Guide to Independence
 - ✓ Ethics Q&As
- Professional Ethics Resources page
 - <https://us.aicpa.org/interestareas/professionalethics/resources>
 - ✓ Toolkits
 - ✓ Practice aids
 - ✓ Implementation guides
- Ethically Speaking podcast
 - <https://ethicallyspeaking.libsyn.com>
 - ✓ Back to Basics series

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AICPA ETHICS HOTLINE TOPICS

- Independence
- Acts discreditable
- Integrity & objectivity
- Form of organization
- Fees
- Confidentiality
- Complaints
 - Joint Ethics Enforcement Program (JEEP)

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CONFIDENTIAL INFORMATION EXAMPLES

- Record Requests
 - If the client's records would be incomplete without it, then it needs to be returned
- Transfer of Files
 - A firm can't disclose confidential client information without the client's consent
 - If the information is disclosed in connection with a validly issued and enforceable subpoena, then those records have to be released

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AICPA CODE OF PROFESSIONAL CONDUCT

- Fluid and designed to be used for situations encountered by CPAs in all types of positions and organizations
- Part of Virginia's statutes and regulations
- Due care – a member should observe the profession's technical and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the member's ability.
- Integrity – acting with honor; adherence to moral principles and an ethical code
- Objectivity – exercising professional judgement; basing opinions on facts and circumstances

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CHAPTER 7 Volunteerism

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PROVIDING VOLUNTEER SERVICES AS A VIRGINIA CPA

https://boa.virginia.gov/wp-content/uploads/2021/06/VolunteerServices_2019.pdf

Type of service engaged to perform	Independent	Not Independent (Owners, officers, employees & members of governing body)	Not Independent (Conflicts of interest other than owners, officers, employees & members of governing body)
Audit, Review, Attestation	<ul style="list-style-type: none"> You must comply with technical standards, have a firm license and a peer review. The 8-hour A&A CPE requirement applies. 	<ul style="list-style-type: none"> You cannot provide audit, review or attestation services if not independent. 	<ul style="list-style-type: none"> You cannot provide audit, review or attestation services if not independent.
Compilation	<ul style="list-style-type: none"> You must comply with technical standards, have a firm license and a peer review. The 8-hour A&A CPE requirement applies. 	<ul style="list-style-type: none"> This is not a compilation service as defined by SSARS. 	<ul style="list-style-type: none"> You must comply with technical standards, have a firm license and a peer review. The 8-hour A&A CPE requirement applies.
Financial Statement Preparation Services	<ul style="list-style-type: none"> You must comply with technical standards and have a firm license. The 8-hour A&A CPE requirement applies. No peer review is needed if preparation is the highest form of service provided. Peer review is needed if preparation is not the highest form of service provided. 	<ul style="list-style-type: none"> This is not a financial statement preparation service as defined by SSARS. 	<ul style="list-style-type: none"> You must comply with technical standards and have a firm license. The 8-hour A&A CPE requirement applies. No peer review is needed if preparation is the highest form of service provided. Peer review is needed if preparation is not the highest form of service provided.
Consulting Services	<ul style="list-style-type: none"> You do not have to comply with technical standards other than Consulting Services Standards. 		
Other Services	<ul style="list-style-type: none"> You do not have to comply with technical standards other than Tax Services Standards. 		
Other Procedures	<ul style="list-style-type: none"> You do not have to comply with technical standards. 		

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VOLUNTEERING

Questions to ask yourself:

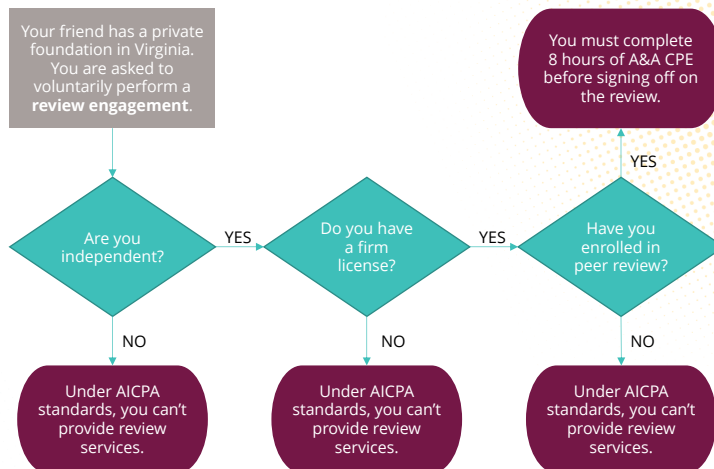
1. What service is to be provided (for what service has the CPA been engaged)?
 - Audit, Review, Attestation
 - Compilation
 - Financial Statement Preparation Services
 - Consulting Services
 - Other Services
 - Other Procedures

2. In what capacity will I be providing the service?
 - Independent
 - Not Independent (owners, officers, employees & members of governing body)
 - Not Independent (conflicts of interest other than owners, officers, employees & members of governing body)

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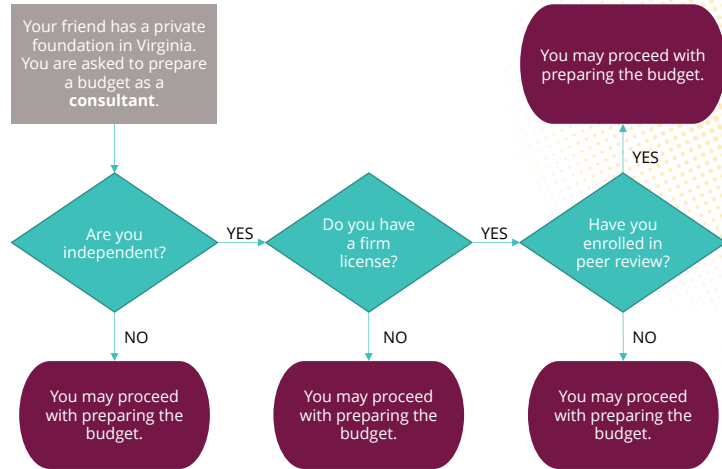
EXAMPLE 1



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EXAMPLE 2



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CHAPTER 8 Enforcement

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VBOA ENFORCEMENT

- The VBOA's enforcement program is designed to meet their mission – To Protect the Public
- A complaint can be submitted by anyone
- VBOA's authority is restricted to violations of the Code of Virginia and/or Board Regulations

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VBOA ENFORCEMENT EXAMPLES

- Unlicensed activity
 - Using CPA title without a license
- Due professional care
 - Poor communication with clients
 - Peer review issues
 - Failed DOL audits
 - Conducting A&A work without a firm license
- Criminal activity
- Failure to follow CPE regulations
- Failure to respond to VBOA

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CHAPTER 9
Conclusion
