

VSCPA Board Resolutions to Implement Bylaws

Under Section 2.2.1 To implement the practice-monitoring program requirement

RESOLVED: That in order for persons in public practice who perform accounting and auditing engagements covered by Statements on Auditing Standards (SASs); Statements on Standards for Accounting and Review Services (SSARSs); Statements on Standards for Attestation Engagements (SSAEs) *Government Auditing Standards* (the Yellow Book), issued by the U.S. General Accounting Office (GAO); and standards issued by the Public Company Accounting Oversight Board (PCAOB) of the Securities and Exchange Commission to be accepted for membership in the Society they shall be associated as proprietors, partners, shareholders or employees of firms enrolled or willing to enroll within 30 days of active membership in an approved practice-monitoring program as designated in this resolution.

FURTHER RESOLVED: That in order for members of the Society in public practice who perform accounting and auditing engagements covered by the aforementioned standards to retain their membership beyond the periods set forth in this resolution, they shall be associated as proprietors, partners, shareholders or employees of firms enrolled in an approved practice-monitoring program as designated in this resolution.

FURTHER RESOLVED: That a member in public practice who performs accounting and auditing engagements covered by the aforementioned standards associated with a firm as a proprietor, partner or shareholder shall become ineligible to retain Society membership unless the firm has enrolled in an approved practice-monitoring program and that a member associated with a firm as an employee shall become ineligible two years after becoming a CPA unless the firm has enrolled in an approved practice-monitoring program.

FURTHER RESOLVED: A member firm enrolled in the AICPA Peer Review Program or subject to the PCAOB inspection process shall be deemed to be enrolled in an approved practice-monitoring program under section 2.2.1 of the Bylaws.

FURTHER RESOLVED: That a firm will be dropped from the VSCPA Peer Review Program by the Peer Review Committee, without a hearing for disciplinary purposes, 30 days after the Society notifies the firm by certified mail that the firm has failed to 1) pay fees related to the administration of the program, 2) file requested information with the Society concerning the arrangements for a mandatory peer review, or 3) commence a peer review prior to the established due date, if such failure(s) is (are) not sooner corrected.

Under Section 2.2.6 Continuing education for members

WHEREAS: The Board of Directors is aware that the Virginia Board of Accountancy requires continuing education for all CPAs and that the AICPA requires continuing education for all of its members, therefore, be it

RESOLVED: That the members of the Society are encouraged to pursue a program of continuing professional education commensurate with the member's professional status.

Under Section 3.6.3.2 Professional Ethics Committee

RESOLVED: .01 (1) That in cases where the Professional Ethics Committee concludes that a prima facie violation of the Code of Professional Conduct or Bylaws is not of sufficient gravity to warrant further formal action, the Committee may direct the member or members concerned to complete specified continuing professional education courses, or to take other remedial or corrective action, provided, however, that there will be no publication of such action in the Society's principal membership periodical and the member concerned is notified of his right to reject such direction. In the case of such a rejection, the Professional Ethics Committee shall determine whether to bring the matter to a hearing panel of the Joint Trial Board for a hearing.

FURTHER RESOLVED: .02 (2) That in cases where there is prima facie evidence of one or more actions by or with respect to a member as described in subparagraphs 7.4.2.1 through and including 7.4.2.6 of Bylaws section 7.4, the Professional Ethics Committee may decide to offer the member or members concerned the opportunity to avoid further investigation and a possible hearing before the Joint Trial Board by entering into a settlement agreement under such terms and conditions as the Committee deems appropriate including but not limited to agreement by the member or members (a) to resign from membership or (b) to complete specified continuing professional education courses and/or to submit to independent preissuance review of some or all financial statements and accountant's reports and/or submit to an accelerated quality or peer review, and/or to perform other remedial or corrective action as the Committee may determine and/or (c) to submit to disciplinary action with publication by the Society as provided in Board of Directors resolutions under Bylaws section 7.6. The Committee shall monitor compliance with the settlement agreement and may initiate an investigation where it finds there has been noncompliance.

.03 (3) A member's rejection of the terms and conditions of a proposed settlement agreement will not in any way affect the rights of a member under the Bylaws and implementing resolutions in any subsequent investigation by the Professional Ethics Committee in a hearing before the Joint Trial Board.

Under Section 7.1 Resignation of membership

RESOLVED: That the Board of Directors shall act upon resignation of members, which shall become effective on the date of acceptance, but no action shall be taken on the resignation of a member with respect to whom charges are under investigation by the Professional Ethics Committee or against whom a complaint is pending before the Trial Board, unless the Committee or the Trial Board, as the case may be, recommends that such resignation be accepted. If a person whose resignation was accepted when he or she was under investigation or the object of a complaint should subsequently apply for reinstatement, the Board of Directors shall not reinstate such person without the consent of the Committee or the Trial Board, as the case may be.

Under Section 7.2 Termination of membership for nonpayment of financial obligation

RESOLVED: That if a person whose membership has terminated for non-payment of dues or other financial obligation shall apply for reinstatement, the Board of Directors, in its discretion, may reinstate that person, provided that he or she shall have paid to the Society all dues and other obligations owed at the time his or her membership was terminated. No person shall be considered to have resigned in good standing if at the time of resignation he or she was in debt to the Society for dues or other obligations.

FURTHER RESOLVED: A member who has resigned or whose membership has terminated in any manner may not file a new application for admission but may apply for reinstatement under this resolution or applicable provisions of the Bylaws.

Under Section 7.3 To implement disciplinary action without hearing

RESOLVED: .01 (1) That the membership of a member who is convicted by a court of any criminal offenses enumerated in section 7.3.1 of the Bylaws shall become automatically suspended upon mailing of a notice of such suspension, as provided in paragraph (6) of this resolution. Such notice shall be mailed within a reasonable time after a certified copy of a judgment of conviction of such criminal offense has been filed with the secretary of the Society.

.02 (2) That the membership of a member who has been convicted by a court of any of the offenses enumerated in section 7.3.1 of the Bylaws, and which conviction has become final, shall become automatically terminated upon the mailing of a notice of such termination, as provided in paragraph (6) of this resolution. Such notice shall be mailed within a reasonable time after a certified copy of such conviction and evidence that it has become final has been filed with the secretary of the Society.

.03 (3) That the membership of a member (a) whose certificate, license or permit to practice public accounting or as a certified public accountant has been suspended as a disciplinary measure or (b) who is subject to a temporary suspension, prohibition or restriction by an approved governmental agency or organization covered in section 7.3.2 as a disciplinary measure shall, except as provided in paragraph (7) of this resolution, become automatically suspended upon expiration of 30 days after the mailing of a notice of such suspension, as provided in paragraph (6) of this resolution. Such notice shall be mailed within a reasonable time after a statement by such authority, showing the suspension, prohibition or restriction and specifying the cause and duration of such authority's action has been filed with the secretary of the Society. Such automatic suspension shall cease upon the expiration of the period of suspension, prohibition or restriction so specified.

.04 (4) That the membership of a member (a) whose certificate, license or permit to practice public accounting or as a certified public accountant has been revoked, withdrawn, indefinitely suspended, surrendered or cancelled as a disciplinary measure, or (b) who has been subjected to a bar, to a permanent or indefinite suspension, prohibition or restriction by an approved governmental agency or organization covered in section 7.3.2 shall, except as provided in paragraph (7) of this resolution, become automatically terminated upon the expiration of 30 days after the mailing of a notice of such termination, as provided in paragraph (6) of this resolution. Such notice shall be mailed within a reasonable time after a statement by such authority showing the revocation, withdrawal, surrender, cancellation, bar, permanent or indefinite suspension, prohibition or restriction and specifying the cause of such authority's action, has been filed with the secretary of the Society.

.05 (5) That, if a member has been subjected to any sanction as a disciplinary measure, other than or in addition to those set out in paragraph (1), (2), (3) or (4), the member shall, except as provided in paragraph (7), have their membership suspended or terminated or be otherwise disciplined upon the expiration of 30 days after the mailing of a notice of such disciplinary action taken pursuant to guidelines developed by the Professional Ethics Committee and approved by the Board of Directors, under section 7.3.2.

.06 (6) That notices of disciplinary action pursuant to paragraph (1), (2), (3), (4) or (5) of this resolution shall be signed by the secretary of the Society and mailed by registered or certified mail, postage prepaid, addressed to the member concerned at his or her last known address according to the official records of the Society, which are the records of the membership department.

.07 (7) That the operation of paragraph (1),(2),(3), (4) or (5) of this resolution shall become postponed if, before the expiration of 30 days after mailing the notice of disciplinary action, the secretary of the Society receives a written petition from either the member concerned or the Professional Ethics Committee

that the pertinent provision not become operative. The petition shall state briefly the facts and reasons relied upon. All such petitions shall be referred to the Joint Trial Board for action thereon by a panel of the Joint Trial Board consisting of at least three members appointed by the chairman of the Joint Trial Board or vice chairman, when acting as chairman. If the petition is denied, the disciplinary action shall become effective upon such denial, and the party that made the petition shall be so notified in writing by the secretary of the Society. No appeal shall be allowable with respect to a denial of such a petition. If the petition is granted, the disciplinary action shall not become effective. In such event, the secretary shall transmit the matter to the Professional Ethics Committee to take whatever action it considers proper in the circumstances. A determination that paragraph (1), (2), (3) (4) or (5) of this resolution shall not become operative shall be made only when it clearly appears that, because of exceptional or unusual circumstances, it would be inequitable to permit such automatic disciplinary action.

Under Section 7.3 The effect of suspension of VSCPA membership on membership privileges

WHEREAS: A member of the Society who has been found guilty by the Professional Ethics Committee of the Society or the Professional Ethics Division of the AICPA may be subject to, among other things, suspension of membership; and

WHEREAS: The Board desires to confirm that the suspension policy followed by the Joint Trial Board has its support; now, therefore, be it

RESOLVED: That a member of the Society who has been suspended is, for the period of suspension, to refrain from identification as a Society member on any letterhead or other written material; the individual may not be a committee member or hold an office in the Society and may not vote. Membership in any Society-sponsored insurance programs held prior to the suspension may continue as long as the member continues to pay Society membership dues and the premiums for the insurance programs, but the suspended member may not take advantage of any other benefits of Society membership or increase existing benefits during the period of suspension. Society publications continue dependent upon the continued payment of dues during the suspension. When all of the conditions of the suspension period have been met, the membership automatically reverts to its status prior to the suspension.

Under Section 7.4 Disciplining Member by Joint Trial Board

RESOLVED: .01 (1) Any complaint preferred against a member under section 7.4 of the Bylaws shall be submitted to the Professional Ethics Committee for investigation and recommendation. If, upon consideration of the complaint, investigation and/or recommendation thereon, it appears that a prima facie case

is established showing a violation of any applicable Bylaws or any rule of the Code of Professional Conduct of the Society or showing any conduct discreditable to a certified public accountant, the Professional Ethics Committee, except as provided in the implementing resolution under section 3.6.3.2 of the Bylaws, shall report the matter to the secretary of the Joint Trial Board who shall summon the member involved to respond to the charges preferred against the member, which response may include the entering of a plea of guilty without a hearing, in accordance with rules established by the Joint Trial Board, provided, however, that with respect to a case in which the Joint Trial Board has granted a petition that automatic discipline shall not become operative under the provisions of paragraph (7) in the implementing resolution under section 7.3.2 of the Bylaws, the Professional Ethics Committee shall have discretion as to whether and when to report the matter to the secretary for such summoning.

.02 (2) In the case of a settlement agreement between a member and the Professional Ethics Committee that provides for admonishment, suspension or termination of membership pursuant to the Society resolution implementing Bylaws section 3.6.3.2, the matter shall be referred to a panel of the Joint Trial Board which, upon finding that there has been a waiver of the member's rights under Article 7.4, shall recognize such settlement agreement and arrange for publication of such disciplinary action under section 7.6 of the Bylaws.

Under Section 7.5 To Implement Reinstatement Provisions

RESOLVED: .01 (1) That at any time after the publication in a membership periodical of the Society of a statement of a case and decision, including cases in which a guilty plea was entered without a hearing, on application of the member concerned, the Professional Ethics Committee may, by a three-quarters vote of the members, recall, rescind, or modify such decision, which action shall be published in the membership periodical of the Society. The denial of an application under this section shall not prevent the member concerned from applying for reinstatement under section (2) hereof.

.02 (2) That

(a) Should an order, judgment of conviction, decision or action on which the suspension or termination of membership was based under section 7.3 of the Bylaws be reversed or otherwise set aside or invalidated, such suspension shall terminate or such member shall become reinstated when a certified copy of the order reversing or otherwise setting aside or invalidating such order, conviction, decision or action is filed with the secretary of the Society, who shall refer the matter to the Professional Ethics Committee for whatever action it deems appropriate.

(b) A member who has been suspended or expelled by the Professional Ethics Committee pursuant to section 7.4 of the Bylaws may request that the suspension terminate or may request reinstatement if an order, judgment of conviction, decision or action on which the suspension or termination was based has been reversed or otherwise set aside or invalidated. Such request shall be referred to the Professional Ethics Committee which may, after investigating all related circumstances, terminate the suspension or reinstate the member concerned by a three-quarters vote of the members present and entitled to vote.

(c) Except as provided in subparagraphs (a) and (b) of this paragraph (2), a member whose membership has been automatically terminated under section 7.3, or who has been expelled by or had his/her resignation accepted by the Professional Ethics Committee may, at any time after three years from the effective date of such termination, expulsion, or acceptance of resignation, request reinstatement of his/her membership. Such request shall be referred to the Professional Ethics Committee which may, after investigation, reinstate by a three-quarters affirmative vote such member on such terms and conditions as it shall determine to be appropriate. If an application for reinstatement under this subparagraph is denied, the member concerned may again apply for reinstatement at any time after two years from the date of such denial.

Under Section 7.6 To implement publication of disciplinary action

RESOLVED: That notice of disciplinary action taken under section 7.3 or 7.4 of the Bylaws or of termination of participation of a member or a member's firm in a Society-approved practice monitoring program, and the basis therefore shall be published by the Society and the Professional Ethics Committee of the Society shall maintain a record of such information and disclose that information upon request. In the case of disciplinary action pursuant to section 7.3 of the Bylaws, such notice shall be in a form approved by the chair of the Professional Ethics Committee and consistent with this Board resolution. In any action pursuant to section 7.4 of the Bylaws in which the member is found guilty or has entered into a settlement agreement with the Professional Ethics Committee, the Joint Trial Board or panel hearing the case shall decide, by a majority vote of the members present and voting, on the form of the notice of the case and the decision to be published. All notices shall disclose, at least, the name of the member involved and, when appropriate, the terms and conditions of any settlement agreement and the nature of the violation. The statement and decision, as released by the chair of the Board, Joint Trial Board or hearing panel, shall be published by the Society. No such publication shall be made until such decision has become effective. The Professional Ethics Committee may inform the complainant of the outcome of its investigation without regard to whether the action taken results in publication under section 7.6 of the Bylaws.

Guidelines for the Formation of New Chapters

1. Boundary lines for chapter membership — The boundaries of the proposed new chapter should be defined by the organizers. However, members may choose which chapter they wish to join.

2. Membership — New chapters should have a minimum membership of 50. A list of the new chapter members should be submitted to the Society office, and each should be a member of the Society. No more than 25 percent of the members of the proposed chapter should be associate members of the Society.

3. Chapter need — The proposed new chapter should present data indicating that the membership and the chapter would be better served by the formation of this new chapter. The organizers of the proposed chapter should notify the officers of the chapters affected by the formation of the new chapter.

4. Organization — The organizers of the new chapter should demonstrate that definite organizational plans are in existence. These plans should include, as a minimum, articles of incorporation, Bylaws and a Board of Directors.

Amended January 6, 2004