
VIRGINIA-SPECIFIC ETHICS COURSE

— 2018 —



Virginia Society of
Certified Public
Accountants



**Virginia Society of
Certified Public
Accountants**

Virginia-Specific Ethics Course 2018: 2018 Required Course Instructor Manual



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This training has been created to fulfill the Virginia Board of Accountancy's (VBOA) annual 2-hour (100-minute) CPE requirement for 2018. Beginning in 2003, all CPAs subject to Virginia CPE requirements must take an annual Ethics CPE course. Each year, the VBOA provides an outline of topics to be included, which can be found at tinyurl.com/2018VBOAEthicsOutline (DOCX). Developed using that outline as the course framework, attendees will be able to accomplish the following fundamental objectives:

- Identify updates and changes to statutes, regulations and policies Virginia CPAs must adhere to
- Recall the Code of Professional Conduct when faced with ethical dilemmas
- Recognize the changes happening in the world and how they affect the work CPA professionals perform

The VSCPA has confirmed that this class qualifies for 2 hours (100 minutes) of Ethics CPE in Virginia as well as 2 hours of Ethics CPE for CPAs licensed in these other states:

- Maryland: Satisfies 2 hours
- North Carolina: Group study and self-study versions satisfy 2 hours for CPAs licensed in Virginia and North Carolina for CPAs who primarily work in Virginia
- Washington, D.C.: Satisfies 2 hours
- West Virginia: Satisfies 2 hours

Please note: This class is not intended to be an all-encompassing update or to present all significant events occurring during the prior year. The information provided and scenarios presented do not represent official positions of the VBOA, the AICPA, the U.S. Internal Revenue Service (IRS), the International Ethics Standards Board for Accountants (IESBA) or any other standard-setting or regulatory body discussed herein, nor do they represent the views of any individual course instructor unless specifically noted. For specific advice or clarification, please research the applicable standards or seek advice from the appropriate governing/regulating organization.

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For Virginia-Specific Ethics Course Providers/Instructors

Important: Virginia-Specific Ethics Course providers/instructors should encourage participants to monitor the VBOA website for updates and information regarding the VBOA. Providers/instructors should also recommend that licensees register with the Virginia Town Hall to receive automated VBOA regulatory updates (townhall.virginia.gov).

Virginia-Specific Ethics Course 2018 Outline

1. Introduction

A welcome to the course, the vision of the VBOA on why this course is important and specific CPA responsibilities to the profession and the VBOA.

2. Volunteer Work/updates

This section will review and clarify volunteer work guidelines and how they affect licensed CPAs who choose to volunteer.

3. Continuing Professional Education (CPE)

This section will cover all areas of CPE, including what is required, accepted documentation, what the rules are and how CPE is tracked and how long CPAs need to keep their records. Will also clarify Active — CPE Exempt rules.

4. Legislative Changes

This section will cover the changes to rules, regulations and laws affecting CPAs in the state of Virginia for the 2017 and 2018 legislative sessions.

5. Overview of Board's enforcement cases/Case studies/AICPA Code of Professional Conduct

This section will cover a variety of enforcement cases. The AICPA Code of Professional Conduct will be used to relate to the case studies.

Chapter I: Guidelines for Providing Volunteer Services

As is the case every year, this course is not a traditional behavioral ethics course. Rather, it is intended to keep Virginia licensees abreast of legislative and regulatory updates affecting the CPA profession. The Uniform Accountancy Act (UAA) defines “Ethics” as:

A program in ethics includes topics such as ethical reasoning, state-specific statutes and rules, and standards of professional conduct, including those of other applicable regulatory bodies.

Ethical reasoning and behavior is the foundation of the statutes and regulations which govern the practice of accounting in Virginia. The Commonwealth’s accounting statutes and the American Institute of CPAs (AICPA) Code of Professional Conduct work in concert to ensure the core values listed in the UAA — integrity, objectivity and independence. By ensuring that CPAs are up to date on those statutes and regulations, the VBOA can ensure that its licensees are upholding those values and serving Virginia’s citizens to the best of their abilities.

Instructor Note

We are starting this year with where we left off last year on volunteer services. This is where the majority of the questions received came from and the VBOA felt it appropriate to provide more in-depth guidance.

After the video, ask the class for a show of hands as to who is been asked to serve as a volunteer once people learned they were a CPA. Follow that by asking if anyone has declined such service due to fears of license issues.

This material is covered on slides 4–5.

Providing Volunteer Services: What Can CPAs Do?

Opportunities abound for CPAs to serve the nonprofit sector in Virginia. The website 501c3Lookup.org indicates that 43,494 organizations exempt under Section 501(c) of the U.S. Internal Revenue Code (IRC) list a Virginia address. This does not include religious-based entities.

Throughout 2016 and thereafter, the implementation of Statement on Standards for Accounting and Review Services (SSARS) No. 21 (Section 70) has impacted volunteer services provided by CPAs to nonprofit organizations. Significantly, Virginia license holders must realize that the preparation of financial statements for such entities by Virginia CPAs may require a firm license, even when performed as a volunteer. Under Virginia law, “Only a firm can provide attest services, compilation services, or financial statement preparation services to persons or entities located in Virginia.” (Code of Virginia, 54.1-4412.1) Performance of such services may also require enrollment in the Peer Review Program. (Code of Virginia 54.1-4412.1.D.6) However, a firm license and peer review enrollment may not be required in some cases, including if the CPA was acting as a member of the governing board or as an officer of the entity.

Based upon input from prior years’ Ethics class attendees, it appears that clarification is needed on the topic of the ability of Virginia CPAs to provide volunteer services to nonprofit entities and how such services may impact the license requirements of the CPA.



Nonprofit organizations have long realized that the skills and abilities of CPAs are a valuable resource and that CPAs can also provide much-needed financial and accounting services. In many cases, these organizations cannot afford to properly staff the administrative aspects of the entity and instead rely on volunteers for critical support.

These organizations often call on CPAs to provide assistance on a volunteer basis. Because of these requests, the VBOA receives frequent inquiries regarding services that a CPA may and may not provide as a volunteer to a nonprofit entity. Consistent with the VBOA's mission of protecting the public, the Board believes that CPAs can bring valuable knowledge, experience and insights as volunteers and therefore supports such involvement with nonprofit entities. The VBOA's website contains information intended to provide guidance to CPAs who in their role as volunteers may be asked to provide services which may fall under the Virginia accountancy statutes and regulations. The guidance, including a flowchart useful for decision-making in these situations, can be found at tinyurl.com/CPAVolunteerServices (PDF).

If a person who only holds a Virginia individual license is asked to provide volunteer services to a nonprofit organization, the CPA must ask two very important questions:

1. What service is to be provided (i.e., for what service has the CPA been engaged)?
2. In what capacity will I be providing the service?

What service is to be provided?

This question is of great importance, because quite often, what a nonprofit entity expects in requesting a service is not equal to the same term as defined by state law or by accounting standards.

For instance, if a charity requested a CPA to complete a form that is entitled "Audit Checklist," the CPA may discover that the steps outlined on the form do not resemble anything close to an "audit" as that term is defined by auditing standards. For example, the charity may simply be asking that the CPA reconcile beginning and/or ending cash balances to previously issued monthly reports. That procedure would constitute accounting services, but would not constitute an audit. The individual CPA can sign a statement related to the activities undertaken, but should exercise care to avoid using the CPA designation in such a statement. In this situation, the CPA would not need a firm license. ■

In another example, a CPA may be asked to serve as a member of an "audit committee" which will then either audit or review the financial records and issue a report that they "found nothing stated out of the ordinary." In this case, regardless of the nature of the work undertaken or its "findings" as reported, the individual CPA is not "engaged" to perform an audit. In reality, the group may have been engaged to audit the records, depending on the procedures performed, but not the individual CPA. The individual

Instructor Note

Use this as an opportunity to remind attendees to use the VBOA and VSCPA websites to make suggestions about future Ethics course content, material or delivery methods.

Instructor Note:

Inquire of the class whether any have participated in what a nonprofit entity advertised as an "audit," only to find out it was far from being a true audit as that term is defined by our professional standards.

Chapter I: Guidelines for Providing Volunteer Services

CPA can, along with other members of the Audit Committee, sign a statement related to the Committee's activities, but should exercise care to avoid using the CPA designation in such a statement. In this situation, the CPA would not need a firm license.

Often, volunteer board members are familiar with some accounting terms, but do not fully understand those terms. For instance, a CPA could be asked as a volunteer to "compile the financial statements" for the entity. Upon inquiry, the CPA may learn that the entity actually simply wants someone to prepare financial statements, not perform a compilation as defined by professional standards. Since the preparation of financial statements is a separate professional service distinct from a compilation service, the CPA should thoroughly understand the entity's needs in the situation. In this situation, the CPA would need a firm license.

Instructor Note

The necessity of a firm license may be determined by whether the CPA is going to be a board member or a volunteer officer. It may be instructive to ask the class if that would make a difference and come back to the case later.

The above are simply examples to remind CPAs to first consider whether the service being provided is an attest, compilation or preparation of financial statement service as those terms are defined by accounting standards. Often, nonprofit entities freely use terms such as "audit" or "review" in manners different than that defined in accounting standards.

In what capacity will the CPA be providing the service?

A CPA may provide services to a nonprofit entity as part of the normal practice of public accounting or as a volunteer. If the CPA is a volunteer, she or he may serve in many capacities, including as a governing board member, officer, committee member (e.g. Finance or Audit) or simply as a volunteer worker.

When a CPA in public practice provides professional services to any entity for compensation, whether the entity is a for-profit business, a government agency or a nonprofit entity, then clearly the "normal rules" apply. Specifically, providing attest, compilation or financial statement preparation services would require that the CPA have a firm license and may need to be enrolled in peer review. All work performed must comply with the profession's technical standards. However, when a CPA is serving as a volunteer and in that volunteer capacity, is asked to provide attest, compilation or financial statement preparation services, a careful review of both Virginia law and professional standards is required.



Attest Services as a Volunteer ■———— Instructor Note:

If the CPA is serving as a volunteer officer or governing board member of a nonprofit entity, then no audit, review or other attest engagements could be performed by the CPA (as those services are defined by professional standards), since these services require independence.

If the CPA is serving solely as a volunteer “worker” for a nonprofit entity, then audit, review or other attest engagements could be performed by the CPA, if and only if the CPA in his or her professional judgment could establish that independence exists in accordance with professional standards. These services would require that the CPA have a firm license and be enrolled in peer review and all work performed must comply with the profession’s technical standards. These same facts would apply if a CPA who was otherwise employed in, for instance, business or industry, agreed to “volunteer” to audit the nonprofit entity’s records.

This material is covered on slide 6.

Compilation Services as a Volunteer ■———— Instructor Note:

While serving as a volunteer officer or governing board member, a CPA could perform compilation services on a volunteer basis. Independence is not required for this service, but proper disclosure of the lack of independence in this situation would be required. A firm license is not required, nor would enrollment in peer review be required. This compilation would not be required to meet the profession’s technical standards.

Likewise, if the CPA is serving solely as a volunteer “worker” for a nonprofit entity, he or she could perform a compilation on a volunteer basis. Independence is not required, but proper disclosure of the lack of independence (if that is judged by the CPA to be the case) would be required and a firm license and enrollment in peer review would be required. All work performed must comply with the profession’s technical standards.

This material is covered on slide 7.

Chapter I: Guidelines for Providing Volunteer Services

Instructor Note: ——— ■ **Financial Statement Preparation Services as a Volunteer**

This material is covered on slide 8.

While serving as a volunteer officer or governing board member, a CPA could prepare the entity's financial statements. Accounting standards, as noted in SSARS No. 21 Section 70, define the preparation of financial statements service as pertaining solely to "accountants in public practice engaged to prepare financial statements." Virginia law defines the practice of public accounting to exclude situations in which the service "is provided by one or more owners, officers, employees, or members of the governing body of the entity or entities about whom the financial information is presented." (Virginia Code 54.1-4400 Definitions) Therefore, when a CPA serving as a volunteer board member or officer prepares the financial statements of the entity, this does not represent the preparation of financial statements as that "service" is defined by SSARS No. 21 Section 70. However, to avoid any misconceptions, it is recommended that the financial statements clearly indicate that no assurance is provided on them. A firm license would not be required, nor would the CPA be required to enroll in peer review. The work performed for this services would not be required to meet the profession's technical standards.

If the CPA is serving solely as a volunteer "worker" for a nonprofit entity, then preparation of the entity's financial statements would meet the definition of the service as defined in SSARS No. 21 Section 70, because the CPA does not meet the exception under Virginia law of being an officer or member of the governing board. These volunteer services would require that the CPA have a firm license, but would not need to be enrolled in peer review, as long as no attest or compilation services have been performed. SSARS No. 21 Section 70 would require that the financial statements clearly indicate that no assurance is provided. All work performed must comply with the profession's technical standards.

Instructor Note: ——— ■

This would be a good place to refer back to the previous question about whether the CPA's position as a board member or volunteer officer would make a difference.

Emphasize again that attendees should use the Volunteer Services guidance on the VBOA website.



Instructor Note

Use one or two examples from this chart to allow the attendees to illustrate the guidelines to attendees.

Type of Service	CPA Licensee Status		
	Independent	Not Independent Owners, Officers, Employees and Members of Governing Body	Not Independent Conflicts of Interest (other than Owners, Officers, Employees and Members of Governing Body)
Audit	Must comply with technical standards.	Not Independent — You cannot provide services.	
Review	Must comply with technical standards.	Not Independent — You cannot provide services.	
Attestation (including agreed-upon procedures)	Must comply with technical standards.	Not Independent — You cannot provide services.	
Compilation	Must comply with technical standards.	You do not have to comply with technical standards.	Must comply with technical standards.
Consulting Services: <ul style="list-style-type: none"> • Accounting Consultation • Budget Preparation Assistance • Fraud Loss Quantification • Management Consulting • Other Consulting Engagements 	These are consulting services, not audit, review or other attestation or compilation services. You do not have to comply with technical standards other than Consulting Services Standards.		
Other Services: <ul style="list-style-type: none"> • Bookkeeping • General Ledger Maintenance • Working Trial Balance Preparation • Bank Reconciliation Preparation • Payroll Processing • Tax Returns Preparation 	These are not audit, review or other attestation or compilation services. You do not have to comply with technical standards other than Tax Services Standards.		
Procedures that would be performed in connection with an attest service but licensee has not been engaged to perform an attest service: <ul style="list-style-type: none"> • Bank Reconciliation Review • Internal Control Review • Agreed-upon Procedures of Audit Committee • Inventory Counts • Other Attest Procedures 	These are not audit, review or other attestation or compilation services. You do not have to comply with technical standards.		

Note: The references to technical standards in this chart are to those Technical Standards encompassed in ET Appendix A of Rule 202 of the AICPA's Code of Professional Conduct.

Source: VBOA

Instructor Note

This material is covered on slide 9.

Chapter I: Guidelines for Providing Volunteer Services

Instructor Note ——— ■ Case Study

The instructor may, depending on time and the setup of the classroom, ask attendees to work in small groups on the following case. Conversely, in very large groups, the instructor may wish to simply read the case, then pose questions to the class.

This material is covered on slides 10–11.

The following case study may provide additional insight for potential volunteers. All case studies in this course contain fictional names.

Consider that Homeless Canaries, Inc. (HC) is a 10-year-old public charity, recognized under section 501(c)(3) of the IRC. The charity's exempt purpose is to provide shelter to homeless canaries and the entity raises \$50,000 a year in contributions toward the pursuit of its charitable goals. HC has a governing board composed of four at-large members plus its officers, including a President, Secretary and the vacant position of Treasurer. Several of HC's major donors have recently requested a copy of the entity's financial statement and have inquired as to whether the entity's records are audited. HC has never engaged any CPA firm for services. The financial records of the company consist of a checking account, a checkbook, a box of paid (for the most part) invoices and some old bank statements. The President of HC is also the owner of a successful business and has asked his company's controller, Louise Labrador, who is a Virginia CPA (holding an individual license), to volunteer as HC's Treasurer. Louise has "graciously" accepted the "kind offer" from her boss.

At her first Board meeting, Louise is unanimously elected to the board as treasurer. She is immediately asked by the president if she can prepare "an audited financial statement" to be presented at the next month's meeting, so that it can be shared with Brenda Bulldog, who hosts the entity's major fundraising event, an annual wine tasting. Brenda, who essentially brings in \$10,000 of the organization's contributions each year, including her own gift, has requested "audited information." Another Board member, Steve Shepherd, asks if Louise can "verify that the bank balance information which the Board has previously received actually agrees with the bank account."

Upon inquiry, Louise learns that the Board has never seen any financial report or related information beyond an oral announcement of the bank balance, as shared each month by her predecessor, the recently deceased treasurer. How does Louise proceed?

Consider the following: ■

1. Can Louise prepare audited financial statements, as that term is defined by professional standards? Why or why not?
2. Can Louise prepare unaudited financial statements? If so, is there any ramification to her license?
3. Can Louise verify the previously announced bank balances to the bank records? If so, is there any ramification to her license?
4. What is a reasonable course of action for Louise to pursue?



Instructor Notes:

1. No, because Louise is not independent.
2. Yes, but proper disclosure of the lack of assurance would be required. As both a member of the governing board of the entity and as an officer of the entity, a firm license would not be required, because the circumstances meet the exception provided in the Code of Virginia.
3. Yes, a firm license would not be required because the circumstances do not constitute attest, compilation, or preparation of financial statement services.
4. Following the initial recommendation in this section, Louise should first determine what service is actually required. Perhaps a direct discussion with the major donor, Brenda Bulldog, might result in a finding that a full audited financial statement is not needed in order to satisfy the donor. Or, Louise could offer to the donor that in order to save money, a group of non-Board volunteers, perhaps including one or more donors, could be assembled to serve as an audit committee (of which Louise could be a member) and perform certain agreed-upon procedures that would satisfy the donor's needs. Once a plan for the "audit" concerns was finalized, Louise could begin to develop a monthly financial report and develop a separate report that reconciled previously reported bank balances to the actual bank records.

Know This:

Providing Volunteer Services

- Download the volunteer manual from VBOA
- Understand if you are engaged and, if so, what service you're engaged to perform
- Understand the position from which you are operating

Sources

Virginia Board of Accountancy. boa.virginia.gov

Code of Virginia. law.lis.virginia.gov/vacode/title54.1/chapter44/

Statement on Standards for Accounting and Review Services (SSARS) No. 21. American Institute of Certified Public Accountants, Inc., October 2014

Chapter II: CPE

Instructor Note

This material is covered on slide 13.

- One of the most important ways to maintain the credibility of the profession is to ensure that CPAs remain up to date on the latest rules and regulations, and CPE is a major driver of that effort. CPE continues to be one of the most frequently questioned topics in the Ethics course and is the most common violation the VBOA covers. In fiscal year 2017, one in five VBOA CPE verification audits resulted in a determination of non-compliance. Read on for an overview of the VBOA's CPE requirements and CPE audit process.

CPE Requirements and Qualifications

Requirements

The VBOA has established the following requirements for initial and continued CPA licensure and reinstatement. Note that the VBOA considers 50 minutes of CPE participation as equivalent to 1 hour of CPE credit. This information is taken from the VBOA website.

Licensure Status	Calendar Year (CY)	Total hours required	Minimum hours required	Virginia-Specific Ethics (included in total hours)	Providing attest and/or compilation services (included in total hours)
Applying for initial license					
The candidate has passed CPA Exam and applies for licensure	CY of licensure	0 hours	0 hours	N/A	N/A
	1st CY after exam	40 hours	40 hours	2 hours	N/A
	2nd CY after exam	80 hours	80 hours	2 hours	N/A
	3rd CY (or more) after exam	120 hours	120 hours	2 hours	N/A
Licensed					
Licensee provides services to public	Any 3-CY reporting cycle	120 hours/3 years	20 hours	2 hours	8 hours
Licensee provides services to or on behalf of an employer	Any 3-CY reporting cycle	120 hours/3 years	20 hours	2 hours	N/A
Reinstatement of license					
The applicant submits reinstatement application	Current CY	120 hours/3 years	120 hours/3 years	2 hours	N/A

* When reinstating a license, the 120 hours must be completed within the three-year period immediately prior to reinstatement including the current calendar year.



Virginia-Specific Ethics Course

The VBOA requires that all licensees (excluding those approved for the Active — CPE Exempt status) complete a Virginia-specific Ethics course on an annual basis. The 2-hour Virginia-specific Ethics course is a separate, distinct annual requirement from the one-time American Institute of Certified Public Accountants (AICPA) ethics course needed for initial licensure.

It is the responsibility of the licensee to ensure that the Virginia-specific Ethics course taken complies with VBOA regulations and policy. The Virginia-specific Ethics course must be completed no later than Jan. 31 to meet the requirement for the previous calendar year. Licensees will not be granted CPE credit for completing a Virginia-specific Ethics course from a non-approved sponsor or provider.

The VBOA has contracted with the Virginia Society of CPAs (VSCPA) as the only provider of the Virginia-specific Ethics course content/material. The VBOA has approved that all instructors of the Virginia-specific Ethics course must hold an Active Virginia CPA license in good standing.

- Sponsors desiring to provide the Virginia-specific Ethics course must:
- Obtain the course contents/materials from the VSCPA
- Be approved annually by VBOA staff as a provider of this course
- Be listed on the VBOA's website as an approved provider of this course
- Submit all participant comments to the VBOA within 60 days of receipt

Sponsors will be required to demonstrate their compliance with the VBOA's policy on content/material and instructor requirements prior to approval. Sponsors not approved annually by VBOA staff will not be recognized as an acceptable Virginia-specific Ethics course provider.

Qualifying CPE

CPE that provides course content pertinent to the profession and assists the licensee in becoming a better accounting professional can be obtained through a variety of forums, provided that the licensee is able to demonstrate that learning objectives were met. The VBOA does not currently require licensees to obtain CPE from specific or approved sponsors (except for the Virginia-specific Ethics course). A variety of continuing professional education is acceptable, including:

- **Attending a seminar or educational conference.** Instructors must have up-to-date knowledge of the subject matter and use appropriate teaching materials. Attendance should be monitored in a manner that can be verified by the VBOA.
- **Earning course credit at an accredited college or university.** One semester hour of credit for courses at an accredited institution constitutes 15 hours of CPE and 1 quarter-hour of credit constitutes 10 hours of CPE.

Instructor Note:

This material is covered on slide 14.

Chapter II: CPE

- **Completing a course through nano-learning or incremental CPE.** Nano-learning is known as learning and absorbing information in smaller increments of time. The VBOA accepts nano-learning CPE.
- **Completing a self-study course.** Licensee must be able to demonstrate that learning objectives were met.
- **Making a presentation.** The licensee may present at a professional seminar, educational conference or classroom setting, provided that up-to-date knowledge of the subject matter is demonstrated and appropriate teaching materials are used.
- **Producing written materials.** The topic must be relevant to providing services to the public or to or on behalf of an employer. The material is formally reviewed by an independent party and must be published in a book, magazine or similar publication used by individuals who provide services to the public or to or on behalf of an employer.
- **CPE credit for certifications/exams/licensures.** The VBOA has approved CPE hours for passing exams and obtaining additional certifications for the designations listed at tinyurl.com/VBOACertificationCredit (PDF). CPE hours for certifications, exams and licensures must not exceed a total of 60 hours over a three-year rolling period.

The VBOA has also approved that Continuing Education (CE), Continuing Education Units (CEU), Continuing Legal Education (CLE), Continuing Medical Education (CME) and Quality Assurance Service (QAS) are acceptable as CPE credits.

The VBOA will determine the acceptability of other forms of CPE on a case-by-case basis.

CPE Reciprocity/Home State Exemption

If a CPA holds an active license in another state and his or her principal place of business is not located in Virginia, he or she may be eligible for CPE reciprocity/home state exemption. If a CPA meets the CPE requirements in their home state, the VBOA generally will accept this as CPE compliant in Virginia. The CPA must select the “home state exemption” during the CPE audit process to be eligible for this exemption. A licensee cannot claim the home state exemption before the audit process begins.

Sponsors Providing CPE (Excluding the Virginia-Specific Ethics Course) Guidelines

The VBOA does not maintain agreements with sponsors, pre-qualify sponsors or individual courses or require a licensee to obtain CPE from specific sponsors (except for the Virginia-specific Ethics course). However, sponsors are encouraged to comply with the Statement on Standards for CPE programs issued jointly by the AICPA and NASBA.



CPE Reporting Period

The VBOA uses a rolling three calendar-year period to determine CPE compliance. This period includes the three calendar years prior to the current calendar year. For example, if asked by VBOA to produce evidence of CPE compliance, submit such evidence for the three calendar years prior to the current calendar-year.

Virginia licensees (excluding those approved for the Active — CPE Exempt status) must complete the annual CPE requirements, including the Virginia-specific Ethics course, no later than Jan. 31 of each year to meet the previous calendar-year requirement.

Documentation Required as Proof of Taking a Course

Required documentation can generally be satisfied by providing:

- **Certificates of completion** from the CPE sponsor(s) including the sponsor(s) name, participant name, course/content name, date taken and CPE hours earned when attending a seminar, educational conference or completing a self-study course.
- **Official transcript of the college or university** for earning course credit at an accredited institution.

The VBOA has restrictions on the types of documentation it regards as acceptable. The VBOA will not accept receipts, registration confirmations, cancelled checks, outlines, PowerPoint presentations or sign-in sheets as valid CPE documentation.

The VBOA will determine whether other forums are acceptable for CPE credit on a case-by-case basis. The VBOA may also request additional documentation to support compliance.

Documentation Required to Earn CPE for Teaching a Course or Producing Written Material

Required documentation can generally be satisfied by providing a syllabus or agenda and signed statement indicating the length of the presentation when making a presentation.

The VBOA has restrictions on the CPE hours a licensee may regard as valid:

- Repeat presentations may not be counted as additional CPE.
- During each 3-year period, a maximum of 30 hours for preparing and making presentations is allowable.

When teaching a course, licensees should scan all documentation and add it to the CPE tracker along with preparation hours.

When producing written material used by individuals who provide services to the public or to or on behalf of an employer, the topic must be relevant and have been formally reviewed by an independent party, and the material must be published in a book, magazine or similar publication. Licensees will need to complete the Request for CPE Credit for Published Works form, which can be found at tinyurl.com/VBOAPublishedWorks (PDF).

Instructor Note:

This form can be found the appendix on page 46 of the manual and is also covered on slide 16.

Chapter II: CPE

Instructor Note — ■ Retention Requirements for CPE Documentation

This material is covered on slide 17.

As outlined in VBOA Board Policy No. 4, “Continuing Professional Education (CPE) Guidelines for CPAs,” licensees must retain CPE documentation for the four calendar years preceding the current calendar year. This is a change in VBOA policy.

Instructor Note — ■ Active — CPE Exempt Status

This material is covered on slides 18–20.

In 2014, the VBOA added the “Active — CPE Exempt” status. This status, which must be applied for in writing, affects CPAs who wish to maintain their license but are not providing services to an employer or to the public and further do not expect to provide such services for a period of time. Licensees who qualify for this status still renew their licenses annually and pay the renewal fee, but are not obligated to fulfill any CPE requirements. To clarify confusion around which CPAs are not required to meet CPE requirements, it is important to note that the VBOA does not recognize a separate “retired” status or an “inactive” status.

This individual is currently and actively licensed as a CPA and may use the CPA title. However, the individual is not currently providing services to the public or to or on behalf of an employer and therefore is not required to meet the VBOA’s CPE requirements.

In order to qualify for the Active — CPE Exempt status your current job duties may not require a **substantial** use of accounting, financial, tax or other skills that are relevant, as determined by the VBOA.

Instructor Note — ■

The VBOA has defined “substantial” to mean one business day’s worth, or eight hours, per month of effort devoted to accounting, finance, tax or similar efforts for an employer.

The following are examples of jobs that generally qualify for the status and some that do not qualify for the status. However, job titles are not always indicative of approval or denial of status. Each application is reviewed on the individual, specific facts and circumstances.

Examples	
<p>Generally qualify for Active — CPE Exempt</p> <ul style="list-style-type: none"> • Retired • Not employed • Missionary • Teacher (non-accounting) • Medical doctor • Stay at home parent • President/CEO of large company 	<p>Do not qualify for Active — CPE Exempt</p> <ul style="list-style-type: none"> • Chief financial officer (CFO) • Tax attorney • Director of finance • Comptroller/Controller • Accountant • Budget analyst/Manager • Accounting professor

The VBOA believes educators at the college level who teach accounting, finance or tax **do require** the substantial use, or knowledge, of this subject matter in order to teach. Next to individuals in public accounting, educators of these subjects have the largest potential impact on the accounting and CPA profession. Educators must be committed to lifelong learning.



Therefore, by holding a CPA license, all educators are expected to and must meet the VBOA's CPE requirements. By law, a CPA license is not required to teach these courses, but those educators who do hold a license must obtain the required hours of CPE.

According to Board statute Sec. 54.1-4400, "Using the CPA title in Virginia means holding a Virginia license or the license of another state." Therefore, not using the CPA title does not automatically exempt a licensee from CPE requirements. A licensee can only be considered Active — CPE Exempt if he or she is not currently providing services to the public or to or on behalf of an employer and has been approved by the VBOA.

To apply for the Active — CPE Exempt status, a CPA must complete the Change of License Status Request Form: Active to Active — CPE Exempt and email, fax or mail the form along with a copy of your job description to the VBOA office.

Please note: A CPA must be **pre-approved** for the Active — CPE Exempt status to be exempt from CPE requirements. The board is seeing many licensees attempt to apply for this status only when they have been selected for a CPE audit. If a CPA has not been approved for the Active — CPE Exempt status at the time of CPE audit selection and notification, **that CPA is responsible** for meeting the VBOA's CPE requirements.

Many jurisdictions do not have the equivalent of the Active — CPE Exempt status. Thus, a CPA could run into problems if he or she decides to re-use the credential later on in another state.

If a CPA currently holds Active — CPE Exempt status and wishes to go back to Active status, he or she must submit the "Change of License Status Request Form — From Active — CPE Exempt status to Active status." To go back to Active status, the CPA must present 120 hours of CPE and will be required to maintain CPE in accordance with Board Regulations 18VAC5-22-90.

CPE Tracking System

The VBOA, in cooperation with the National Association of State Boards of Accountancy (NASBA), offers a CPE Tracking System for all active Virginia CPAs. This system is available at no charge and allows CPAs to keep track of and store all CPE records in one location.

CPAs selected for a CPE audit will be **required** to use this system to submit CPE records and documentation to the VBOA. However, CPAs can also use it for annual tracking of CPE records, even outside of the audit process. Use of this tracking system does not reflect a final determination of CPE compliance. The VBOA has the final authority on the acceptance of individual courses and documentation for CPE credit.

While CPE records and documentation can be entered and stored within the system, attaching documentation at the same time you enter your CPE credits is not a requirement. Therefore, CPAs may save CPE information and upload documentation at a later time.

Instructor Note:

This material is covered on slides 21–23.

Chapter II: CPE

User accounts have been created for all Virginia licensees, who will need their Virginia CPA license number and CPE Tracking System password, sent via email or a letter, to log in. Users are required to change their password when they log in for the first time and can use the “Forgot Your Password?” link to recover it.

The VSCPA has uploaded all of the credits taken from the VSCPA to the CPE Tracking System, beginning with courses taken in 2009 and later (except for those who opted out).

Please note: Using the CPE Tracking System will not trigger a CPE audit.

Instructor Note — CPE Audits

This material is covered on slides 24–27.

On a monthly basis the VBOA randomly selects licensed CPAs in Virginia for CPE audits. In fiscal year 2017, the VBOA conducted over 2,000 audits (150 – 200 a month), representing around 7 percent of Virginia licensees, and plans to increase that percentage in the future with the upcoming replacement of its database.

Instructor Note —

Be sure to refer attendees to the infographic handout

The current CPE audit process takes place as follows:

- The VBOA makes its audit selection each month based on a random sample.
- Licensees selected for audit will receive an email notice from the VBOA at the beginning of the month and must respond within 30 days. Those who do not respond will receive a one-time reminder that serves as final notice. An enforcement case will be opened for those who do not respond to the reminder within 30 days.
- When those CPAs respond and submit CPE records and documentation to the VBOA, it will be noted on a Tracking System report, which is pulled daily by VBOA staff at the beginning of each day.
- The CPE records then go through the audit process, which means review of all records and documentation submitted.
- If the VBOA has a question about what was submitted, the licensee will be contacted via email.
- Once submitted, the licensee cannot edit his or her CPE records until the audit is complete.

If there are no deficiencies, the licensee will receive an email stating that the results of the audit were satisfactory, typically within 21 days of CPE records and documentation submission.

If the VBOA finds deficiencies, the licensee will receive an email stating the deficiency and that the file has moved to the enforcement division. The enforcement division will initially offer a consent order (document that details the finding of a deficiency and the terms and conditions the licensee must comply with).



Enforcement options for cases referred from audit are: ■

1. Sign a consent order within 10 days of receipt.
2. Voluntary surrender of the CPA's license. To be considered for reinstatement, the CPA must comply with the consent order.
3. Request an Informal Fact Finding before the VBOA executive director (for those who release or authorize the release of reports).

The most common CPE deficiencies the VBOA sees are:

- The licensee didn't think they had to do CPE
- The licensee was deficient in the Ethics course
- The licensee didn't meet the minimum 20 hours of CPE per year
- The licensee didn't meet the minimum 8 hours of attest & compilation CPE per year

Instructor Note

Remind your attendees to be sure they fully understand their options if their case is referred to enforcement.

Know This:

Virginia CPE Requirements

- Understand the requirements, but know that they have not changed substantially — licensees are still required to take 120 hours over a rolling three-year period
- Stay on top of updating the VBOA CPE Tracker and maintain your documentation
- Respond promptly when selected for a VBOA CPE audit to avoid going into enforcement

Sources

Virginia Board of Accountancy CPE Requirements. www.boa.virginia.gov

Chapter III: Legislative Update

Instructor Note — Public Perception of CPAs

This material is covered on slide 30.

What resources are available to aid CPAs in making decisions that fulfill their responsibilities to the public?

Accountants have long been known for their integrity and professionalism, famously placing first among business professionals in a Gallup survey. CPAs stand out among accountants for honesty and integrity due to the rigorous educational standards and stringent professional code of ethics required to obtain and retain the credential. The profession has earned its collective reputation as trusted advisors to the public.

That trusted ethical reputation has stood the test of time and held through many surveys, including the AICPA Horizons 2025 report, which shows that CPAs are among the most respected and trusted financial professionals, known for their objectivity, integrity and financial and business expertise.

The 150 hours of education and lengthy, difficult CPA Exam prove that CPAs have the technical acumen to perform their role in the U.S. economy. However, the concepts of trust and ethics are more difficult to assess objectively. That means CPAs must remain vigilant in preventing the weakening of ethics and loosening of standards, as well as instances of fraud both within and outside the profession. Greater focus on integrity, detection and reporting of fraud and ethical behavior are necessary to continue to uphold this reputation. When CPAs work in countries with differing ethical standards, upholding the integrity of the profession and maintaining high standards will be paramount.

Instructor Note — Responsibility to the Public

This material is covered on slide 30.

CPAs must not lose sight of their obligations and responsibilities to the public. Those obligations start with the ways CPAs exercise their professional duties, whether in public accounting, corporate finance and accounting, academia or government. CPAs' responsibility to the public is a key tenet of the AICPA Code of Professional Conduct, which is incorporated by reference into the Code of Virginia, which governs the licensing and practice of all CPAs licensed in Virginia.

AICPA Code of Professional Conduct 0.300.020 Responsibilities

.01 Responsibilities principle. In carrying out their responsibilities as professionals, members should exercise sensitive professional and moral judgments in all their activities.

.02 As professionals, members perform an essential role in society. Consistent with that role, members of the American Institute of Certified Public Accountants have responsibilities to all those who use their professional services. Members also have a continuing responsibility to cooperate with each other to improve the art of accounting, maintain the public's confidence and carry out the profession's special responsibilities for self-governance. The collective efforts of all members are required to maintain and enhance the traditions of the profession. [Prior reference: ET section 52]



The work of maintaining the standards of the CPA profession is never finished. It is CPAs' continued responsibility to enhance and foster the goodwill of the public as they strive to make a difference in the profession and in society.

CPAs should work to improve the profession's image and to enhance the public's perception of the profession by upholding ethical business practices and practicing self-regulation. To further strengthen their image, continuous advocacy and education on behalf of the profession is necessary. Outside of the workplace, technology, particularly social media, blurs the boundaries between work and life and allows business and clients unprecedented access into CPAs' professional lives, underscoring the need for them to maintain their high standards outside of work to uphold the profession's positive reputation.

Furthermore, competition from other professional accounting credentials, both domestically and internationally, increases the importance of safeguarding the CPA credential. The profession must proactively reinforce its value to clients and the public to maintain its standing among other accounting and financial professionals.

Case Study

In an example of a case where a long reinstatement created a problem, in 2017, the VBOA received an individual CPA reinstatement application from Carter Collie, who had let his individual CPA license expire in 2015. On his reinstatement application, he indicated that he had provided services to his employer that required the use of accounting skills and that he had used the CPA title unintentionally on his LinkedIn profile despite not having an active individual license.

In 2017, Carter received a Notice of Apparent Violation from the VBOA requesting a formal written response to allegations, as well as a request to complete an Investigative Questionnaire. In his response, Carter indicated that the license expiration was an omission, as he was attempting to utilize the additional year that was available to bring his account current and, in doing so, mistakenly forgot to renew in a timely fashion. He also indicated that he had not actively used LinkedIn, had not updated his profile for many years and had subsequently removed "CPA" from his profile. He had kept his CPE current and had never intended to allow his license to expire.

Carter's case was resolved with the following fines and conditions:

- Reprimand for unlicensed use of CPA title
- A monetary penalty of \$200 within 90 days
- Not able to use the CPA title in Virginia and removal of CPA from all areas until granted a CPA license
- Must report as adverse administrative action to any regulatory authority

Instructor Note:

This material is covered on slide 31.

Instructor Note:

Currently, there is no one-year period. Please make the audience aware that the renewal application is lengthy and comprehensive. It is important to understand what is involved. Refer attendees to the reinstatement application in Appendix II (page 48).

Chapter III: Legislative Update

Instructor Note — ■ Change to Virginia CPA

It is very important that attendees understand that if they renew even one day late, they will be required to apply for reinstatement with the reinstatement application and a fee. These are not new fees.

This material is covered on slides 32–33.

License Renewal

As of July 1, 2017, § 54.1-4413.2. of the Code of Virginia that references the renewal and reinstatement of licenses changed, eliminating the additional 12-month period for renewals. The Active — Renewal Fee Delinquent status for Virginia CPA licensees and firms has been discontinued. Licenses that are not renewed will automatically go into Expired status the day after the renewal is due.

Once the license goes into Expired status, it becomes the responsibility of the licensee or the firm to reinstate the license. There is a \$350 reinstatement fee for individuals and a \$500 reinstatement fee for firms. During the time a license is in Expired status, a licensee may not use the CPA title or practice public accounting until reinstatement of your CPA license (shown as Active) is posted on the VBOA website's licensee search at tinyurl.com/LicenseeSearch.

CPA licensees are expected to renew their annual license on time each year. It is the responsibility of the licensee to renew his or her license, if he or she so chooses, regardless if the licensee receives a reminder notice for renewal from the VBOA. Licensees who choose not to renew their license are encouraged to contact the VBOA to voluntarily surrender their license before it becomes Expired.

Notification of Renewal Date

The VBOA will send an electronic renewal notice approximately 45–60 days before the expiration of the license. Starting in July 2017, a second notice will be sent out mid-month, electronically as well as by mail.

In accordance with Board Regulation 18VAC5-22-170C, the VBOA transmits license renewal notices electronically unless a licensee is unable to communicate electronically (in which case a notice will be sent via mail). Please confirm that the VBOA has the correct email address, mailing address and phone number on file to ensure receipt of reminders. Licensees who have not renewed by the last week of the month will receive a reminder phone call.

Steps for Reinstatement

When applying for reinstatement of a Virginia CPA license, individuals must demonstrate meeting the CPE requirements of 120 hours obtained during the previous three-calendar-year period through the current calendar year, including the 2-hour Virginia-specific Ethics course for the current calendar year.

If the reinstatement application is received by the VBOA within 12 months of license expiration, the date of the reinstatement, if approved, will be effective as of the date it



expired. However, any reinstatement application received after 12 months of license expiration, the date of reinstatement will be effective as of the date the reinstatement application is approved. The steps for reinstatement are available at tinyurl.com/VBOAReinstatement and are listed as follows from the Code of Virginia:

§ 54.1-4413.2. Renewal and reinstatement of licenses and lifting the suspension of privileges.

- D. The license of a person whose Virginia license expired and who does not hold the license of another state may be reinstated under this subsection. In addition, a person whose privilege of using the CPA title in Virginia was suspended may have the suspension lifted under this subsection.
1. To be considered for reinstatement of a Virginia license or lifting the suspension of the privilege of using the CPA title in Virginia, a person shall:
 - a. Disclose to the Board why he no longer holds a Virginia license or why his privilege of using the CPA title in Virginia was suspended;
 - b. Disclose to the Board each state in which he has held a license. For each of the states in which the person has held a license, the person shall disclose why he no longer holds a license and provide documentation from the board of accountancy concerning whether he has been found guilty of any violations of the standards of conduct and practice established by statutes of the state or regulations promulgated by the board; and
 - c. Describe his continuing professional education since his Virginia license expired or was suspended. The Board shall determine whether his continuing professional education complies with the continuing professional education requirement prescribed by the Board for that period.
 2. After evaluating the information provided by the person, the Board may request additional information and may impose additional requirements for reinstatement of the Virginia license or lifting the suspension.
 3. The Board shall communicate to the person its decision and, if the request for reinstatement or lifting the suspension is denied, the reasons for the denial. The request may be resubmitted when the person believes the matters affecting the request have been satisfactorily resolved. The person may request a proceeding in accordance with the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).
- E. The license of a firm whose Virginia license expired may be reinstated under this subsection. In addition, a firm whose privilege of providing attest services, compilation services, or financial statement preparation services to persons or entities located in Virginia was suspended may have the suspension lifted under this subsection.

Chapter III: Legislative Update

1. To be considered for reinstatement of a Virginia license or lifting the suspension of the privilege of providing attest services, compilation services, or financial statement preparation services to persons or entities located in Virginia:
 - a. The firm shall disclose to the Board why it no longer holds a Virginia license or why its privilege of providing attest services, compilation services, or financial statement preparation services to persons or entities located in Virginia was suspended.
 - b. The firm shall disclose to the Board each state in which it holds or has held a license.
 - c. For each of the states in which the firm holds a license, the firm shall provide documentation from the board of accountancy concerning whether it is in good standing with the board, whether there are any pending actions alleging violations of the standards of conduct and practice established by statutes of the state or regulations promulgated by the board, and whether it has been found guilty of any violations of these standards of conduct and practice.
 - d. For each of the states in which the firm has held a license, the firm shall disclose why it no longer holds a license and provide documentation from the board of accountancy concerning whether it has been found guilty of any violations of the standards of conduct and practice established by statutes of the state or regulations promulgated by the board.
2. After evaluating the information provided by the firm, the Board may request additional information and may impose additional requirements for reinstatement of the Virginia license or lifting the suspension.
3. The Board shall communicate to the firm its decision and, if the request for reinstatement or lifting the suspension is denied, the reasons for the denial. The request may be resubmitted when the firm believes the matters affecting the request have been satisfactorily resolved. The firm may request a proceeding in accordance with the provisions of the Administrative Process Act (§ 2.2-4000et seq.).
- F. The Board shall consider granting the privilege of using the CPA title in Virginia, or the privilege of providing attest services, compilation services, or financial statement preparation services to persons or entities located in Virginia, to persons or firms that have had the privilege revoked only when the person or firm demonstrates to the Board that there are special facts and circumstances that warrant reconsideration by the Board of whether it should allow the person or firm to have the privilege.

2007, c. 804; 2015, c. 287; 2017, c. 403.

Instructor Note — ■ Single CPA License Renewal Date

This material is covered on slide 33.

The VSCPA filed emergency legislation on behalf of the VBOA in the 2018 Virginia General Assembly session to give the Board authority to implement a single renewal date for licensees. Therefore, effective February 26, 2018, the VBOA will begin transitioning all license renewal dates to June 30. While this will make remembering the date much easier, it will still be critical to renew timely to avoid having to apply for reinstatement if even one day late.



Renewal Date	Expiration Date
March – June 2018	June 30, 2019
July 2018 – March 2019	June 30, 2019 (fee prorated)*
April 2019 on	June 30 of the subsequent year

*Fee will only be prorated for 2019

Additional Resources

The VSCPA sends courtesy reminders to members and nonmembers whose Virginia CPA licenses are up for renewal. Those reminders are sent via email, so licensees should make sure their contact information is up to date with the VSCPA and VBOA and keep an eye on their inboxes for information about when they need to renew. All questions about your Virginia CPA license or renewal should be directed to the VBOA at boa@boa.virginia.gov or (804) 367-8505.

Peer Review Legislative Changes

Firms that do not perform audit, review, compilation or other attest services were given the option to resign from peer review effective July 1, 2017. This includes firms that perform Statement on Standards for Accounting and Review Services, (SSARS) 21 financial statement preparation as the highest level of service. Firms that perform financial statement preparation services and did not resign no longer qualify for an exemption from having a peer review if they remain enrolled. However, firms that only do tax or consulting work that chose to remain enrolled will not be subject to peer review.

Starting July 1, 2017, the requirement to enroll in a practice-monitoring program (peer review) is no longer tied directly to firm licensure for Virginia CPA firms pursuant to § 54.1-4412.1, D.6 of the Code of Virginia. Instead, whether or not a Virginia CPA firm is required to enroll in peer review will be aligned to the enrollment requirement outlined in the American Institute of CPAs Peer Review Program Standards, found at tinyurl.com/PeerReviewStandards.

Firms gaining licensure after July 1, 2017, who provide attest and compilation services must first enroll in peer review. If a firm does not perform services that include issuing reports purporting to be in accordance with AICPA professional standards, it is not required to enroll in peer review.

Pursuant to Board Regulation 18VAC5-22-150 and § 54.1-4412.1 of the Code of Virginia, a firm must comply with all components of the monitoring program in which it is enrolled, except that, depending on the facts and circumstances, the VBOA may waive the requirement for a peer review or grant additional time for complying with the requirement.

Licensed Virginia CPA firms will be selected for a compliance review of their peer review as a component of any open investigation (enforcement case), or in situations where the VBOA believes that a peer review compliance review is warranted.

Instructor Note:

Before July 1, 2017, peer review was tied to a firm license. That is no longer the case, as it is now tied to services performed. This is a big change, and attendees should be aware of when a firm license is required, as well as when it is required to have a peer review.

Chapter III: Legislative Update

Technical Updates

Legislation passed during the 2017 Virginia General Assembly session makes technical and minor substantive changes to help conform the VBOA's responsibilities and practices to national standards. The bill enacted the following changes:

- Clarifies the definition of the "experience" requirement for licensure and adds that the experience must be verified by an actively licensed CPA.
- Clarifies meaning of the phrase "use of the CPA title" in the statutes.

Instructor Note — Using the CPA Title in Virginia

Many licensees believe that if they don't use the CPA title in their work, they do not have to keep up with CPE. It is very important that the audience understand that if a person is listed as a CPA on the VBOA website, he or she is considered a practicing CPA and is therefore subject to CPE, unless he or she has obtained the Active — CPE Exempt status.

A person must be licensed in order to use the CPA title in Virginia, pursuant to § 54.1-4409.1, Code of Virginia, or must meet the substantial equivalency provisions if licensed in another state in accordance with § 54.1-4411, Code of Virginia.

Below are some frequently asked questions regarding the proper use of the CPA title by licensees, taken from the VBOA website.

Can a licensed CPA in Virginia continue using the CPA title after retirement?

All individuals using the CPA title in Virginia must renew and maintain a Virginia license or continue meeting the substantially equivalent provisions if licensed in another state regardless of their job title, in accordance with § 54.1-4411, Code of Virginia.

Under what circumstances may a licensed CPA continue using the CPA title and not be required to obtain continuing professional education (CPE)?

Licensees must first be approved for the Active — CPE Exempt status before discontinuing CPE. In order to qualify for the Active — CPE Exempt status, the licensee does not provide services to the public (providing services that are subject to the guidance of the standard-setting authorities listed in the standards of conduct and practice in subdivisions 5 and 6 of § 54.1-4413.3) or to or on behalf of an employer (providing to an entity services that require the substantial use of accounting, financial, tax or other skills that are relevant, as determined by the Board). To apply for the Active — CPE Exempt status, complete the Change of License Status Request Form: Active to Active — CPE Exempt at tinyurl.com/CPEExemptForm (PDF).

May an educator teaching at a Virginia college, university or other school, but not licensed in Virginia, use the CPA title in Virginia if licensed in a substantially equivalent state or jurisdiction?

An educator teaching at a Virginia college, university or other school is not required to hold a Virginia license in order to use the CPA title in Virginia provided that the educator holds the license of another state or jurisdiction that is substantially equivalent in accordance with § 54.1-4411, Code of Virginia. However, an educator must hold a Virginia license if providing services to the public using the CPA title and the principal place of business in which the services are being provided is in Virginia.



How do I determine if I am using the CPA designation?

§ 54.1-4400 states that holding a Virginia CPA license or the license of another state constitutes using the CPA title.

How do I determine if I am providing services to the public or to an employer?

Board Regulation 18VAC5-22-40 states that an individual holding a Virginia CPA license is providing services to the public if those services are listed in the standards of conduct and practice in subdivisions 5 and 6 of § 54.1-4413.3, Code of Virginia. An individual holding a Virginia CPA license is providing services to or on behalf of an employer if those services utilize substantial accounting, financial, tax or relevant skills.

Case Study

In November 2014, Tony Terrier voluntarily surrendered his CPA license, but in September of 2016, he decided to apply for reinstatement with the Virginia Board of Accountancy. During a review of the Reinstatement Application, it was discovered that Tony was using the CPA title on his LinkedIn profile despite not having an active CPA License. This was not disclosed on the Reinstatement Application, so a Notice of Apparent Violation was sent to Tony.

In his response, he indicated that he did not intend to represent that he was a CPA on his LinkedIn profile, the only mention of CPA was in the section where his contacts endorsed him and he was not aware that the CPA title was included in this section of the profile when he submitted the reinstatement application. He subsequently removed the endorsements from his profile and has not used the CPA title in any other capacity since voluntarily surrendering his license. In response to questions, Tony stated that he did not use the CPA for any of the purposes described other than the inadvertent inclusion in the endorsement sections of his LinkedIn profile.

However, the story did not end there, as there was an issue with CPE. Tony had voluntarily surrendered his license because he earned no CPE in 2013 and 2014. He did complete all 120 credits of CPE for 2015 and 2016.

Tony's case was resolved with the following fines and conditions:

- A monetary penalty of \$100 for using a CPA title when he did not hold a Virginia license
- A monetary penalty of \$250 for the failure to obtain a minimum of 20 hours of CPE for calendar years 2013 and 2014
- A monetary penalty of \$250 for the failure to complete the annual Virginia-specific Ethics course for calendar years 2013 and 2014
- Submit to the VBOA proof of completion of the current year's Virginia-Specific Ethics course before June 30, 2017

Instructor Note:

This case points out the importance of monitoring your social media sites. In this case, once the licensee addressed his social media problem, the VBOA then addressed his lack of CPE, which was revealed in the reinstatement application.

This material is covered on slide 34.

Chapter III: Legislative Update

When a Virginia License Is Not Required

An individual who holds a license of another state or jurisdiction and meets the substantially equivalent requirements of § 54.1-4411 of the Code of Virginia is not required to hold a Virginia license, provided that either of the following conditions is true:

- The licensee provides services to the public and the principal place of business in which those services are provided is in another state or jurisdiction
- The licensee does not provide services to the public

To use the CPA title in Virginia, a licensee from another state or jurisdiction agrees to be subject to:

- Code of Virginia and VBOA regulations that apply to Virginia licensees
- All disciplinary proceedings arising out of matters related to the use of the CPA title in Virginia
- The authority of the VBOA to revoke or suspend the privilege to use the CPA title in Virginia and to impose penalties for violations of Code of Virginia statutes and regulations

The VBOA considers a licensee from another state or jurisdiction to have met requirements for substantially equivalent if:

- The education, CPA Exam and experience requirements of the state or jurisdiction are substantially equivalent to those prescribed by the VBOA
- The licensee has demonstrated meeting the education, CPA Exam and experience requirements that are substantially equivalent to those prescribed by the VBOA
- An individual from another state or jurisdiction agrees to cease using the CPA title in Virginia if no longer licensed

When a Virginia License Is Required

A licensee from another state or jurisdiction must be licensed in Virginia if the licensee provides services to the public and the principal place of business in which those services are provided is in Virginia.

A licensee in another state or jurisdiction may apply for a Virginia license under the substantially equivalent licensure requirements of subsection C of Sec. 54.1-4409.3 of the Code of Virginia.



Use of the CPA Title in Virginia

To use the CPA title in Virginia, a licensee from another state or jurisdiction agrees to:

- The appointment of the Executive Director of the board of accountancy of the state or jurisdiction that issued the license as an agent upon may be served (a) in any action or proceeding by the VBOA against the licensee, or (b) in any civil action in Virginia courts arising out the use of the CPA title in Virginia. If the licensee holds more than one license from more than one state or jurisdiction, the VBOA determines which Executive Director will serve as agent.
- Personal and subject matter jurisdiction of the courts of Virginia in any civil action arising out of the use of the CPA title in Virginia and agrees that the proper venue for such actions is in Virginia.
- A licensee from Virginia in another state or jurisdiction under substantially equivalent statutes or regulations is subject to disciplinary action by the VBOA for an act or omission committed in that state or jurisdiction. The VBOA may investigate any complaint made to or by the board of accountancy related to the use of the CPA title in that state or jurisdiction.
- Code of Virginia and VBOA regulations that apply to Virginia licensees
- All disciplinary proceedings arising out of matters related to the use of the CPA title in Virginia
- The authority of the VBOA to revoke or suspend the privilege to use the CPA title in Virginia and to impose penalties for violations of Code of Virginia statutes and regulations

Know This:

Legislative Update

- Don't miss your license renewal date
- Understand the license reinstatement process
- Holding a Virginia CPA license or the license of another state constitutes use of the CPA title

Sources

AICPA Horizons 2025 Report. aicpa.org/Research/CPAHorizons2025/DownloadableDocuments/cpa-horizons-report-web.pdf

VBOA Use of the CPA Title in Virginia: boa.virginia.gov/Consumers/UseOfTheCPATitle.shtml

Chapter IV: Social Media

Instructor Note

These statistics may help you highlight the growth of social media usage. Use as many as you like.

- 6,000 tweets are sent every second (<http://www.internetlivestats.com/twitter-statistics/#curious>)
- First tweet sent on March 21, 2006, by Twitter Founder Jack Dorsey. He tweeted, “just setting up my twttr” (<https://www.tweetreports.com/twitter/what-was-twitters-first-tweet/>)
- Worldwide, there are over 2.07 billion monthly active Facebook users for Q3 2017 (Facebook MAUs) which is a 16 percent increase year over year. (Source: Facebook 11/01/17)
- 1.37 billion people on average log onto Facebook daily and are considered daily active users (Facebook DAU) for September 2017, which represents a 16 percent increase year over year (Source: Facebook as 11/01/17).
- 5 new Facebook profiles are created every second. (Source: ALLFacebook, 2012)
- First YouTube video: “Me at the Zoo” on April 22, 2005.
- YouTube overall reaches more 18–34 and 18–49 year-olds than any cable network in the United States (<https://expandedramblings.com/index.php/youtube-statistics/>)
- We watch about 1 billion hours of video on YouTube per day (<https://expandedramblings.com/index.php/youtube-statistics/>)

This material is covered on slides 36–37.

Have you ever Googled someone before you met them? If you have, you are not alone. More than 3.5 billion Google searches being conducted each day. Looking at someone’s LinkedIn profile or Facebook page before meeting them is commonplace. Gone are the days of wandering around coffee shops asking if the person sitting there is the one you are supposed to meet. Searching for someone online before we meet them is just good business. It may give us a few talking points for the conversation ahead and helps us avoid surprises.

That means everyone’s online writings and information is out there for anyone to find. It takes virtually no time for someone to find social media accounts company biographies, volunteer interests, alumni web pages and anything else with which a person may be associated. The combination of all of this information is commonly referred to as our “online presence.” It represents our appearance to the public through social media, websites, blog posts and other Internet outlets.

The ease of access of this information can be startling at times. Although few would think twice about professional information and writing being readily available, many might wish for writings of a more personal nature to remain hidden from clients, colleagues and other business associates. While having a strong online presence can help CPAs form new client relationships, share their knowledge and increase visibility within the profession, social media should be approached with some degree of caution. As our online presence becomes more integral to how we interact with the public at large, it becomes increasingly important to protect and monitor how we appear online.

The AICPA Code of Professional Conduct and Social Media

Specific compliance requirements for social media are difficult to find within the AICPA Code of Professional Conduct. However, guidance exists relating to advertising and communication with the public. For example, Section 1.600.001 of the Code says that “a member in public practice shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading, or deceptive.” Section 1.600.010.02 then goes on to list specific items which would be considered “false, misleading, or deceptive,” and states that advertising should not “contain any other representations that would be likely to cause a reasonable person to misunderstand or be deceived.”

In other words, the Code asks CPAs to place themselves in the shoes of a reasonable person when deciding whether advertising is appropriate or not. This would seem to prohibit the use of exaggerated claims of expertise through LinkedIn endorsements, blog posts or other forms of social media, which stretch beyond the capabilities of the individual.



Similarly, the Code also warns against using the CPA designation in an inappropriate manner (Section 1.600.100), as well as committing acts that are discreditable to the profession (Section 1.400). In addition to legal violations, such as not respecting the intellectual property of others on the Internet, these sections also prohibit acts which simply make the profession look bad.

While not specifically discussing social media, these sections seem to indicate that on some level, we are always representing the profession and the CPA credential to the public. Similar sections exist for members in business (Section 2.400) and other members (Section 3.400) as well. When people think of what the CPA credential means, they think of the individual CPAs with whom they have come into contact. Licensees should be mindful of this when considering what content is associated with them on the Internet.

Social Media Best Practices From Other Financial Services

In other areas of financial services, such as the financial advising profession, the link between social media and advertising and communication with the public is more explicit. These sources offer many best practices that could potentially be applied to the accounting profession as well.

For example, compliance departments within many Registered Investment Advisors (RIA) are required to review any documents facing the public, including social media and website posts. Compliance officers are often responsible for checking to make sure the statements made by an investment advisor do not over-promise on investment performance, contain exaggerated claims of expertise or misrepresent products. Such strict compliance requirements extend not just to formal communications to the public, but to any and all communications that an advisor may have with the public through emails, quotes to newspapers and radio and television appearances.

Investment advisors are also restricted on the types of social media accounts they may have and are often required to get content approved before it is posted. In the investment advisor world, there is a clear understanding that regardless of whether communication is formal or not, one always represents the financial advisory industry as a whole. The line between personal and professional use of social media is thin and may even be nonexistent in many cases.

CPAs could benefit from applying the spirit of these strict requirements where firm policies, or the AICPA Code, do not directly address them. While some firms may have social media review policies in place already, it may be beneficial for individual professionals to undertake a more holistic review of their own online presence by

Instructor Note

As an example, the CFA Institute is particularly careful to maintain the integrity of the Chartered Financial Analyst designation. Section VII(B) of the Standards of Professional Conduct says, "When referring to the CFA Institute, CFA Institute membership, the CFA designation, or candidacy in the CFA Program, Members and Candidates must not misrepresent or exaggerate the meaning or implications of membership in CFA Institute, holding the CFA designation, or candidacy in the CFA Program." In the study materials for the CFA examinations, they even prohibit referring to someone as "a CFA." They have specific ways of referring to the designation and safeguard how the designation appears.

Discussion Questions

- Why is safeguarding the integrity of the CPA designation important?
- How can we protect the CPA designation and maintain its importance?
- Ask the class to name some examples of mistreatment of the CPA designation.
- What type of acts would impact the importance of the CPA designation?

Chapter IV: Social Media

Instructor Note

Ask the class what exactly an “act discreditable” to the profession is. To start the discussion, point out that the materials for the CFA examination give the example of a CFA charterholder who has a habit of drinking too much alcohol at lunch. According to the materials, this habit is so bad and well-known that the analyst’s clients make sure to do business with him in the morning so they do not have to worry about his intoxication impairing his good judgment.

Discussion Questions:

- Is it just our actions on the job that can be discreditable?
- What about personal acts?
- Could something we post on Facebook or LinkedIn be considered “discreditable?”
- Where is the line when it comes to acts discreditable for CPAs?

Instructor Note

Numerous VBOA enforcement cases result from social media activity.

Ask attendees if they have ever known someone who has been terminated or denied a promotion due to something that they have posted via social media. How do you handle it when one of your colleagues has something you deem to be inappropriate on social media?

This material is covered on slides 38–39.

Googling themselves periodically, critically thinking about their own skill sets and being mindful of public perception when posting online.

Asking how one’s own social media accounts reflect on oneself, one’s employer and the profession as a whole helps to avoid situations that may run afoul of the explicit rules and spirit of the AICPA Code. Such a practice also seems to be in line with the conceptual framework that underlies the entire Code, which calls on CPAs to reduce their ethical risk to an acceptable level, even if a given topic is not specifically addressed in the Code itself.

Professional vs. Personal Profiles

One of the biggest risks that CPAs face when it comes to social media is the false sense of privacy. Users often believe that personal profiles, such as those on Facebook, are for the eyes of family and friends only. They may post things of a personal nature that are not necessarily intended to share with potential clients, colleagues, vendors or the public at large. Complaining about a particularly troublesome client, commenting on the future of one’s company or discussing other work-related matters may feel okay if a user believes that friends and family are the only ones reading them. However, social media is often not as private as many think.

One particularly sensitive area is the confidential information of our clients. Section 1.700 of the AICPA Code strictly prohibits our disclosure of such information without permission. No distinction is made between professional or personal contexts. The most prudent advice would seem to be to treat all content on social media as if it will be read by everyone.

Sometimes good intentions can lead to unintended results, as in the case study below.

Case Study

Bernard Bernese, CPA, has recently taken the plunge to start his own tax practice, focusing on preparing tax returns for individuals and small businesses. He is excited about his new venture and decides to utilize social media to help spread the word. He logs onto his LinkedIn account and updates his mailing address, telephone and email address. He notices that his profile picture was a professional picture taken of him right before he took his first job as a staff accountant about 20 years ago. He briefly thinks about changing the photograph to something more recent, but man, he looks good! He decides to leave it in.

Under his picture, he decides he needs a new headline that will grab everyone’s attention. He types “Bernard Bernese, CPA — Expert in All Areas of Taxation.” For his bio, he writes the following:

“Need a tax expert? Bernard Bernese is the right person for the job! Bernard has been a CPA for almost 20 years. He passed all parts of the CPA Exam in one try, proving that he is an expert in all financial matters!”



Bernard hits the submit button to confirm his updates to his profile. His profile page looks good, but seems to be missing something. He decides that a logo would help fill the blank space and be eye-catching to potential clients. The firm does not have its own logo yet, so he decides to search for one on the Internet. He finds one on a website for a CPA firm in California. He copies the logo from the website and adds it to his profile.

A few days later, Bernard notices that one of his clients, Brett Beagle, has endorsed him for Investment Management Expertise, Insurance Expertise and Tax Expertise. Bernard had never really advised anyone on their investment portfolio before, but he did have an E*Trade account. He even made \$500 last week! As far as insurance goes, Bernard had bought his own policies before and he basically knew how they worked. “In Brett’s eyes, I must be an expert,” he thought to himself. He had prepared many 1040s before, so certainly he was a tax expert. The endorsements definitely made his profile look more professional, so he was glad that Brett had taken the time to give them.

Bernard sat back and wondered what else he could do to get his name out there in the marketplace. He decides that a blog post about how he had helped one of his local clients recently might be the type of positive exposure he needed. He wrote:

“Recently, one of my clients, the owner of a local insurance agency in the Fan district of Richmond, reached out to me, because he had received an IRS letter saying that he owed an additional \$9,824 due to the understatement of his federal tax liability on his 2015 Form 1120. This seemed hard to believe, considering that his taxable income for the year was only a little over \$50,000 and he had already paid in over \$7,500 in estimated taxes for the year. It turned out to just be an administrative mistake. I wrote the IRS a letter and was able to resolve the matter quickly for him. He is a good guy — coach for his son’s little league team. I was glad that I was able to help him.”

Bernard added a photograph to the blog post of himself with his arms around several of his clients from a recent gathering of VCU alumni. While the photograph did not have the specific client he was talking about in it, he thought the picture sent the right marketing message. He also knew that he should not disclose the client’s name because of confidentiality requirements. He posted the blog to his LinkedIn account.

A few weeks after the blog post, Bernard received a LinkedIn message from Danny Doodle asking about the allocation of charitable contributions for an LLC. Bernard was not surprised to see the question come up, because he had received several likes on his blog post. Even though he did not have a copy of the LLC agreement and the person was not a client, Bernard decided to go ahead and answer the question. After all, he thought, this could lead to more business later on. Bernard hit the “Submit” button on his response. He leaned back in his chair and dreamed about tomorrow.

Chapter IV: Social Media

Discussion Questions

1. Are there any ethical concerns raised by Bernard's LinkedIn profile? What about his picture and bio? If so, what are they? Is there anything he did well? What should he have done differently?
2. How does Bernard portray the CPA credential? Does this raise any ethical concerns? If so, why? If not, why is his treatment of the CPA credential okay?
3. Does Bernard using another firm's logo raise any ethical concerns?
4. What are some potential ethical problem areas concerning LinkedIn endorsements? Should you always accept a LinkedIn endorsement?
5. Any concerns with Bernard's LinkedIn blog post? If so, what are they? Anything he could have done better?
6. Do you have any concerns over Smith responding to the question posed to him on the LinkedIn message he received? What should he have done?

Instructor Note

Keeping information current and using an up-to-date picture are often mentioned as a best practice for maintaining your social media presence. Why is this important?

Instructors should not feel compelled to answer all of the questions posed on the slides and case study. If the conversation is good, keep it going. If not, move on to the next question!

This material is covered on slide 40.

Online Presence Best Practices

While social media presents tremendous business opportunities, CPAs should always be mindful of the image that their online presence gives to clients, colleagues and the public at large. A list of best practices for protecting your social media presence is given below. Are there any best practices you would add? Is there anything on the list that you believe should not be there?

- Google yourself at least once per year. This is what others will see when they Google you!
- Regularly review social media profiles/accounts. Eliminate embarrassing or inappropriate pictures and information. Update or delete information as needed.
- Be cautious when claiming expertise or accepting endorsements. Always consider how these items may appear to others viewing your profile.
- Avoid dispensing overly specific advice via social media. Always consider whether you have enough of an understanding of the situation, as well as whether an engagement letter is warranted.
- Never share information that is confidential or that may be used to identify clients, colleagues or business contacts. Harmful information may not just be limited to personally identifiable information.



Instructor Notes:

1. It is probably not the case that Bernard is an expert in “all areas of taxation.” This is most likely an exaggerated claim of expertise. Also, passing the CPA examination in one try does not necessarily make one an expert in “all financial matters.” This could be considered misuse of the CPA designation or something that simply reflects poorly on the profession.
Keeping contact information current is a social media best practice that Bernard followed.
Bernard could have tempered the language in his profile a bit and updated his picture to something more recent.
2. Bernard portrays the CPA credential as something that automatically makes one an expert in “all financial matters.” This is not necessarily the case, as most CPAs have certain areas of specialization or expertise. This is an exaggerated claim that does not reflect well on the designation, nor the profession, in the eyes of the public.
3. Yes. Aside from potentially breaking the law, theft of intellectual property could be considered an act discreditable to the profession.
4. While not specifically against the Code of Professional Conduct, the concern on endorsements is that they may come across to the public as being claims of expertise that may or may not be accurate. For example, a CPA might receive a LinkedIn endorsement for “Taxation,” even though he or she works in audit and does not normally prepare tax returns. (Maybe the endorser has no idea what the CPA actually does.) It would be inappropriate to accept such an endorsement, as it misrepresents the CPA’s true skill set.
5. While the blog post does not mention any names, there are enough specific details in the post that one could deduce who it is about. This could be a violation of confidentiality of client information.
6. While there is generally no problem with answering questions over LinkedIn, in this case, Bernard knows very little about the client. Without knowing specific client details, Bernard should probably not answer the question. At the very least, he should ask for more information. Better still, he should limit the scope of his advice. Having an engagement letter in place before giving any advice would be ideal.

Know This:

Social Media

- Be mindful of your online presence
- Follow the best practices detailed in this section
- Be aware that your online presence and activities are subject to review during VBOA enforcement proceedings

Chapter V: Case Studies

Over the years, the Ethics course has focused on the core responsibilities outlined in the AICPA Code of Professional Conduct, which govern the practice of the profession not only at the national level, but are incorporated by law into the Virginia accounting statutes. Therefore, the VBOA's enforcement cases can be excellent tools for teaching those core responsibilities.

AICPA Code of Professional Conduct

The sections of the AICPA Code below are relevant to the VBOA enforcement cases that follow.

Instructor Note

Pause to allow attendees to review these sections of the Code.

This material is covered on slide 41.

0.200.020 Application of the AICPA Code

.04 A member shall not knowingly permit a person whom the member has the authority or capacity to control to carry out on his or her behalf, either with or without compensation, acts that, if carried out by the member, would place the member in violation of the rules. Further, a member may be held responsible for the acts of all persons associated with the member in public practice whom the member has the authority or capacity to control

0.300.040 Integrity

.02 Integrity is an element of character fundamental to professional recognition. It is the quality from which the public trust derives and the benchmark against which a member must ultimately test all decisions.

.04 Integrity is measured in terms of what is right and just. In the absence of specific rules, standards, or guidance or in the face of conflicting opinions, a member should test decisions and deeds by asking: "Am I doing what a person of integrity would do? Have I retained my integrity?" Integrity requires a member to observe both the form and the spirit of technical and ethical standards; circumvention of those standards constitutes subordination of judgment.

0.300.060 Due Care

.01 Due care principle. 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.

1.400.001 Acts Discreditable Rule

.01 A member shall not commit an act discreditable to the profession.

1.400.090 False, Misleading, or Deceptive Acts in Promoting or Marketing Professional Services

.01 A member would be in violation of the "Acts Discreditable Rule" [1.400.001] if the member promotes or markets the member's abilities to provide professional services



or makes claims about the member's experience or qualifications in a manner that is false, misleading, or deceptive.

- .02 Promotional efforts would be false, misleading, or deceptive if they contain any claim or representation that would likely cause a reasonable person to be misled or deceived. This includes any representation about CPA licensure or any other professional certification or accreditation that is not in compliance with the requirements of the relevant licensing authority or designating body.

1.600.001 Advertising and Other Forms of Solicitation Rule

- .01 A member in public practice shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading, or deceptive.

1.600.010 False, Misleading, or Deceptive Acts in Advertising or Solicitations

- .01 A member would be in violation of the "Advertising and Other Forms of Solicitation Rule" [1.600.001] if the member's promotional efforts are false, misleading, or deceptive.
- .02 Promotional efforts would be considered false, misleading, or deceptive if they
 - d. contain any other representations that would be likely to cause a reasonable person to misunderstand or be deceived.

2.100.001 Integrity and Objectivity Rule

- .01 In the performance of any professional service, a member shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate his or her judgment to others.

2.130.010 Knowing Misrepresentations in the Preparation and Presentation of Information

- .01 Threats to compliance with the "Integrity and Objectivity Rule" [2.100.001] would not be at an acceptable level and could not be reduced to an acceptable level by the application of safeguards, and the member would be considered to have knowingly misrepresented facts in violation of the "Integrity and Objectivity Rule," if the member
 - c. signs, or permits or directs another to sign, a document containing materially false and misleading information.

2.400.001 Acts Discreditable Rule

- .01 A member shall not commit an act discreditable to the profession.

Chapter V: Case Studies

Instructor Note ————— ■ **Case Study No. 1**

Case studies are covered on slide 42.

Ask attendees to consider which sections of the AICPA Code of Professional Conduct they think apply to the following two cases, then go through each case. In this case, the licensee repaid all the stolen funds to the employer.

This is a violation of the Acts ————— ■
Discreditable rule as outlined in §§ 0.300.040, 2.100.001.01, 2.130.010.01 and 2.400.001.01.

This is a violation of the ————— ■
Advertising Practices rule as outlined in §§ 0.200.020.04, 0.300.060, 1.400.001.01, 1.400.090, 1.600.001.01 and 1.600.010.

(May 24, 2017)

The Regulant violated the Code of Virginia when he failed to follow the standards of conduct and practice and engaged in dishonesty, fraud or gross negligence in providing services to an employer, by stealing money from his employer, falsifying documents and forging signatures.

The Board ordered the Regulant's CPA license to be revoked. It was ordered that he (1) pay a monetary penalty of \$5,000; (2) remove the CPA title from all signage and any and all listings that implies he holds an active license; and (3) not have the privilege of using the CPA title in Virginia if he holds a CPA license of substantially equivalent jurisdiction.

Case Study No. 2

(April 28, 2017)

The Regulant violated the Code of Virginia when he promoted professional services in a manner that is false, misleading or deceptive by permitting a person whom he had authority over to promote or advertise that his entity could perform services that are restricted to actively licensed CPA firms.

Based on the violations, the Regulant agreed to (1) be reprimanded; (2) pay a monetary penalty of \$1,000; and (3) report the Board's order as an adverse administrative action to any present or future regulatory authority before which he practices.

Case Study No. 3

Due Professional Care (April 28, 2017)

The Regulant violated the Code of Virginia when he failed to exercise sensitive professional and moral judgment in that he permitted his entity to perform attest services, compilation services and financial statement preparation services without an active Virginia firm CPA license.

Based on the violations, the Regulant agreed to (1) be reprimanded; and (2) to report the Board's order as an adverse administrative action to any present or future regulatory authority before which he practices.



Case Study No. 4

Unlicensed Activity (Nov. 10, 2016)

The Regulant violated the Code of Virginia for the unlicensed use of the CPA title on at least 38 publications, his personal website, his employer’s website and on the Church Law & Tax website.

The Regulant shall: (1) pay a monetary penalty of \$9,000 for using the CPA title when he did not hold a Virginia license or did not meet the requirements to use the CPA title under the substantial equivalency provisions; (2) shall not use the CPA title and remove the CPA title from all signage and any and all listings until such time he has been granted a license; and (3) pay an administrative fee of \$1,000 for the investigation of this matter.

Case Study No. 5

Unlicensed Activity (April 28, 2017)

The Regulant violated the Code of Virginia when he used the CPA title on his college faculty profile, curriculum vitae and in other professional settings despite not having an active CPA license.

Based on the violations, the Regulant agreed to (1) be reprimanded; (2) pay a monetary penalty of \$500; and (3) write a 1,000 word essay on the topic of “The Value of the CPA Title in Academia” that must be submitted to the Board for its approval.

Case Study No. 6:

Unlicensed Activity (April 28, 2017)

The Regulant violated the Code of Virginia when he used the CPA title on his Forms ADV despite not having an active CPA license.

Based on the violations, the Regulant agreed to (1) be reprimanded; (2) pay a monetary penalty of \$100; (3) remove the CPA title from all signage and any and all listings that implies he is currently licensed; and (4) report the Board’s order as an adverse administrative action to any present or future regulatory authority before which he practices.

Sources

AICPA Code of Professional Conduct. aicpa.org/research/standards/codeofconduct.html

Conclusion

As always, individual CPAs and CPA firms are responsible for upholding the changes detailed in this course. Staying current on changes to ethical standards and best practices remains the best way to ensure ethical behavior and compliance with regulations and standards — in other words, the best way to keep your license.

Now that you know what's new in regulations and ethics for 2018, here are a few steps you can take to apply the concepts from this course to your own practice:

- Review the takeaways at the end of each chapter.
- Please complete the class evaluations that will be sent to you via email. We appreciate all feedback you provide, as it helps us make improvements to this course.
- Check the status of your CPA license (and firm license, if applicable) on the VBOA website.
- Make a note of the AICPA's Ethics hotline, (888) 777-7077, option 6, followed by option 1, in case you have any pressing ethical questions.
- Make sure your CPE information is up to date in the VBOA CPE tracker.
- Familiarize yourself with the standards contained in the AICPA's Code of Professional Conduct (tinyurl.com/AICPACode).
- Review the topics discussed in this course and obtain further education on the ones relevant to your practice.
- Visit vscpa.com/EthicsResources for the most up-to-date information on topics discussed in this course.

As the leading professional resource for Virginia CPAs, the VSCPA is proud to provide the highest-quality, most comprehensive Ethics course in the Commonwealth. Thanks for learning with us!



Appendix I: Resources, Glossary and Acronyms

As a licensed CPA, you are regulated by the state(s) in which you are licensed, among other bodies, depending on the nature of your work or your organization's work. The VBOA incorporates by reference (per § 54.1-4413.3) and sets forth that persons and firms using the CPA title in Virginia shall follow the standards and any interpretive guidance issued by the organizations listed in this section.

Code of Virginia:

Title 54.1 Professions and Occupations; Chapter 44 —
Public Accountants: tinyurl.com/CodeOfVirginia

AICPA Code of Professional Conduct:

In standard form: tinyurl.com/AICPACodeStandard
In topical (indexed) form: tinyurl.com/AICPACodeTopical

Virginia Board of Accountancy (VBOA)

boa.virginia.gov
Email: boa@boa.virginia.gov
CPA Licensing Services & General Information: (804) 367-8505
CPA Examination Services: (804) 367-1111

VBOA Regulations

tinyurl.com/VBOARegulations

Virginia Society of CPAs

vscpa.com
(804) 270-5344

VSCPA Ethics Resource Center

vscpa.com/EthicsResources
No matter when you choose to fulfill your Ethics requirement, you can always get the most up-to-date information about issues presented in the course at the VSCPA's Ethics Resource Center. While the information contained in this manual — including URLs, email addresses and phone numbers — is accurate as of the time the manual was printed, the VSCPA will be updating this page throughout the year.

American Institute of CPAs (AICPA)

aicpa.org
AICPA hotline: (888) 777-7077
The AICPA Ethics Hotline provides non-authoritative guidance to members on questions related to ethics, including independence. The Ethics Hotline is open from 9 a.m. – 5 p.m. EST on weekdays. A staff member can be reached via email at ethics@aicpa.org or via phone at (888) 777-7077, option 6, followed by option 1.

AICPA Technical Hotline

tinyurl.com/AICPATechnicalHotline
(877) 242-7212

NASBA Statement on Standards for CPE Programs

tinyurl.com/NASBACPEStandards

U.S. Comptroller General:

gao.gov/cghome/index.html

Financial Accounting Foundation (FAF)

accountingfoundation.org

Federal Accounting Standards Advisory Board (FASAB)

fasab.gov
(202) 512-7350

Financial Accounting Standards Board (FASB)

fasb.org
(203) 847-0700
Codification: asc.fasb.org/

U.S. Government Accountability Office (GAO)

gao.gov
(202) 512-3000

Government Accounting Standards Board (GASB)

gasb.org
(203) 847-0700

U.S. Internal Revenue Service (IRS)

irs.gov
(866) 255-0654

International Accounting Standards Board (IASB)

ifrs.org
+44 (0)20 7246 6410

Public Company Accounting Oversight Board (PCAOB)

pcaobus.org
(202) 207-9100
Independence and Ethics Rules and Standards (including AICPA Code of Professional Conduct references):
tinyurl.com/PCAOBStandards

U.S. Securities and Exchange Commission (SEC)

sec.gov
(888) 732-6585

Appendix I: Resources, Glossary and Acronyms

Glossary of Terms

Unless otherwise noted, the following definitions are from the Code of Virginia § 54.1-4400. Definitions.

Assurance means any form of expressed or implied opinion or conclusion about the conformity of a financial statement with any recognition, measurement, presentation or disclosure principles for financial statements.

Attest services means audit, review or other attest services for which standards have been established by the Public Company Accounting Oversight Board (PCAOB), by the Auditing Standards Board or the Accounting and Review Services Committee of the American Institute of CPAs (AICPA), or by any successor standard-setting authorities.

Compilation services means compiling financial statements in accordance with standards established by the AICPA or by any successor standard-setting authorities.

Financial statement means a presentation of historical or prospective information about one or more persons or entities.

Financial reporting framework (FRF) are the standards used to measure, recognize, present and disclose all material items within an entity's financial statements. Examples include U.S. Generally Accepted Accounting Principles (GAAP), International Financial Reporting Standards (IFRS) and special purpose frameworks.

Financial Reporting Framework for Small-and-Medium-sized Entities (FRF-SME) is a principles-based special purpose framework for preparing financial statements of privately held small- to medium-sized entities. It was developed under the guidance of the AICPA FRF for SMEs task force and is therefore non-authoritative.

Licensee means a person or firm holding a Virginia license or the license of another state. However, for purposes of this document, licensee only refers to a person holding a Virginia license or the license of another state.

Mobility means a practice privilege that generally permits a licensed CPA in good standing from a substantially equivalent state to practice outside of his or her place of business without obtaining another license. *Source: cpamobility.org*

Owner-managed entities are closely held companies run by the individuals who own a controlling ownership interest; a stark contrast to public companies, which by definition have an obvious separation between ownership and the management. *Source: AICPA's Financial Reporting Framework for Small- and Medium-sized Entities FAQ*

Peer review means a review of a firm's attest services and compilation services conducted in accordance with the monitoring program.

Practice of public accounting means the giving of an assurance other than (i) by the person or persons about whom the financial information is presented or (ii) by one or more owners, officers, employees or members of the governing body of the entity or entities about whom the financial information is presented.

Preparation of financial statements means an engagement when an accountant in public practice is engaged to prepare financial statements but is not engaged to perform an audit, review or compilation on those financial statements.

Providing services to the public using the CPA title means providing services that are subject to the guidance of the standard-setting authorities listed in the standards of conduct and practice in subdivisions 5 and 6 of § 54.1-4413.3.

§ 54.1-4413.3. Standards of conduct and practice. (5 and 6 only listed below.)

5. Follow the technical standards, and the related interpretive guidance, issued by committees and boards of the American Institute of Certified Public Accountants that are designated by the Council of the American Institute of Certified Public Accountants to promulgate technical standards, or that are issued by any successor standard-setting authorities.
6. Follow the standards, and the related interpretive guidance, as applicable under the circumstances, issued by the Comptroller General of the United States, the Federal Accounting Standards Advisory Board, the Financial Accounting Standards Board, the Governmental Accounting



Standards Board, the Public Company Accounting Oversight Board, the U. S. Securities and Exchange Commission, comparable international standard-setting authorities, or any successor standard-setting authorities.

Providing services to an employer using the CPA title means providing to an entity services that require the substantial use of accounting, financial, tax or other skills that are relevant, as determined by the Board.

Small- and medium-sized entities (SME). There is no standard definition in the United States or under the AICPA. *Source: AICPA's Financial Reporting Framework for Small- and Medium-sized Entities FAQ*

Special purpose framework is a financial reporting framework for use in those situations where GAAP may not be required. Examples include tax and modified cash bases. The former term, OCBOA, was replaced with this term under SAS No. 122 section 800, effective Dec. 15, 2012. *Source: AICPA's Financial Reporting Framework for Small- and Medium-sized Entities FAQ*

Substantial equivalency means that the education, CPA exam and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, CPA exam and experience requirements contained in Chapter 44 of Title 54.1 of the Code of Virginia and the Board of Accountancy Regulations. (18VAC5-22)

Using the CPA title in Virginia means using "CPA," "Certified Public Accountant" or "public accountant" (i) in any form or manner of verbal communication to persons or entities located in Virginia or (ii) in any form or manner of written communication to persons or entities located in Virginia, including but not limited to the use in any abbreviation, acronym, phrase or title that appears in business cards, the CPA wall certificate, Internet postings, letterhead, reports, signs, tax returns or any other document or device. Holding a Virginia license or the license of another state constitutes using the CPA title.

Appendix I: Resources, Glossary and Acronyms

Common Acronyms and Abbreviations

- **AICPA** — American Institute of CPAs
- **ASU** — Accounting Standards Update
- **CAQ** — Center for Audit Quality
- **CPA** — Certified Public Accountant
- **CPE** — Continuing Professional Education
- **DOJ** — U.S. Department of Justice
- **EBPAQC** — AICPA Employee Benefit Plan Audit Quality Center
- **ET** — Ethics (topical index of the AICPA Professional Code of Conduct)
- **FAF** — Financial Accounting Foundation
- **FASB** — Financial Accounting Standards Board
- **FRF** — Financial reporting framework
- **FTC** — U.S. Federal Trade Commission
- **GAO** — U.S. Government Accountability Office
- **IESBA** — International Ethics Standards Board for Accountants
- **IFAC** — International Federation of Accountants
- **IQAB** — International Qualification Appraisal Board
- **IQEX** — International Qualification Examination
- **IRC** — U.S. Internal Revenue Code
- **IRS** — U.S. Internal Revenue Service
- **GAAP** — Generally Accepted Accounting Principles
- **GAAS** — Generally Accepted Auditing Standards
- **GAGAS** — Generally Accepted Government Auditing Standards
- **GAPP** — Generally Accepted Privacy Principles
- **NASBA** — National Association of State Boards of Accountancy
- **PCAOB** — Public Company Accounting Oversight Board
- **PCC** — Private Company Council
- **PEEC** — AICPA Professional Ethics Executive Committee
- **PIOB** — Public Interest Oversight Board
- **PTIN** — Preparer Tax Identification Number
- **SHRM** — Society for Human Resource Management
- **SME** — Small- and medium-sized entities
- **SPF** — Special purpose framework (previously Other Comprehensive Basis of Accounting)
- **SSAE** — Statements on Standards for Attestation Engagements
- **SSARS** — Statements on Standards for Accounting and Review Services
- **SQCS** — Statement on Quality Control Standards
- **SSTS** — Statements on Standards for Tax Services
- **VAC** — Virginia Administrative Code (“Regulations”)
- **VBOA** — Virginia Board of Accountancy (“the Board”)
- **VSCPA** — Virginia Society of CPAs

Appendix II: VBOA Request for CPE Credit for Published Works

This form is used to obtain credit for published works. It can be found at boa.virginia.gov/Forms/RequestCPEcreditpublishedarticle.pdf.



Request for CPE Credit for Published Works

In order to receive CPE credit from the Virginia Board of Accountancy for writing material or a publication, the material must be relevant to providing services to the public or to an employer. In accordance with Board regulation, the material must be formally reviewed by an independent party and must be published in a book, magazine or similar publication used by individuals who provide services to the public or to or on behalf of an employer.

Name: _____ License number: _____

Address: _____

PUBLICATION INFORMATION

Requested number of CPE credits: _____

Title: _____

Publication description (if necessary, attach additional pages): _____

A website link or copy of the publication **must** be provided.

Website link: _____ Copy attached: Yes

Date published: _____

FIELD OF STUDY (check all that apply)

- | | | | |
|--|--|---------------------------------------|----------------------------------|
| <input type="checkbox"/> Academia | <input type="checkbox"/> Professional journal | <input type="checkbox"/> Economics | <input type="checkbox"/> Finance |
| <input type="checkbox"/> Accounting and auditing | <input type="checkbox"/> Auditing governmental | <input type="checkbox"/> Other: _____ | |

PREPARATION TIME (hours and minutes, minus breaks)

Total time spent researching: _____ Total time spent writing: _____

Total time spent editing: _____ Total time spent performing the final review: _____

REVIEWER/EDITOR INFORMATION

Name of reviewer/editor: _____

Description of review process: _____

I confirm that the information provided is true and correct. I understand that if providing false, misleading or deceptive information may subject me to disciplinary action by the VBOA.

Signature: _____ Date: _____

Appendix III: VBOA License Reinstatement Form

This form is used to reinstate a CPA license after losing or surrendering it. It can be found at boa.virginia.gov/Forms/Individual%20License%20Reinstatement.pdf.



Individual CPA License Reinstatement

INSTRUCTIONS FOR REINSTATEMENT:

- 1. Reinstatement Application: Please be sure that all information is completed on the application.

As of **July 1, 2017**, if the reinstatement application is received by the VBOA **within** 12 months of license expiration, the date of the reinstatement, if approved, will be effective as of the date it expired. However, any reinstatement application received **after** 12 months of license expiration, the date of reinstatement will be effective as of the date the reinstatement application is approved.
- 2. Disclosures: Please contact the VBOA by email at boa@boa.virginia.gov if you need to disclose any information regarding a felony or misdemeanor conviction, an administrative action, or civil judgment for an intentional tort or professional negligence.
- 3. Application Fee: The reinstatement fee for a individual CPA license is \$350 and must be paid with a check or money order, made payable to the Treasurer of Virginia. The fee can be used for one year from date of receipt. Pursuant to [18VAC5-22-20\(B\)](#), all fees are non-refundable. Your application will not be reviewed until you have submitted payment.
- 4. Name Change: Documentation must be provided to show each name change(s) if it has been changed from the most recent time you held an active license in Virginia or were licensed in other jurisdictions or other than what is listed on your application. Photocopies of marriage license, court orders or drivers license are accepted.
- 5. Continuing Professional Education: You must submit documentation of having completed CPE hours of 120 hours that must include the current year's Virginia-Specific Ethics Course. CPE obtained during the three calendar years prior to the current calendar year and from the start of the current calendar year to when you begin providing the services shall be considered.
- 6. Please be aware that your signed application affirms that your application is complete and correct and that you have read and understand and will remain current with the laws and regulations governing the practice of public accounting in Virginia.

To receive notice that your application has been delivered to the VBOA, it is suggested that the completed packet be mailed by certified mail-return receipt requested or with delivery confirmation. An incomplete application and/or fee will delay the processing of your application. Incomplete applications are kept for one year then destroyed.

Documents submitted with an application are the property of the VBOA and cannot be returned. Payments returned by the bank for insufficient funds are subject to a returned payment fee, pursuant to [§ 2.2-4805](#) of the Code of Virginia.

Individual CPA License Reinstatement

Please mail the completed application with the \$350 fee to the VBOA at 9960 Mayland Drive, Suite 402, Henrico, VA 23233.

CONTACT INFORMATION

First name: _____ Street address: _____
Middle name: _____ City/State: _____
Last name: _____ ZIP code: _____
Social Security Number* _____ Date of birth: _____
Email address: _____ Phone: _____

*State law requires every applicant for a license, certificate, registration or other authorization engaged in a business, trade, profession or occupation issued by the Commonwealth to provide a Social Security Number or control number issued by the Virginia Department of Motor Vehicles.

BUSINESS INFORMATION

Business name: _____ Phone: _____
Street address: _____ Fax: _____
City/State/ZIP: _____ Email address: _____

REINSTATEMENT CONSIDERATIONS FOR INDIVIDUALS

I no longer hold a CPA license in Virginia because:
 My privilege of using the CPA title in Virginia was suspended because:

If necessary, attach additional sheets of paper.

Individual CPA License Reinstatement

List every state or jurisdiction in which you currently hold or previously held a CPA license.

Currently hold Previously held

Currently hold Previously held

If necessary, attach additional sheets of paper.

The respective board of accountancy from every state or jurisdiction in which you currently hold a CPA license must provide documentation of:

- A position of good standing with the VBOA
- Any pending actions alleging violations of the standards of conduct and practice established by state statutes or board regulations
- Any violations of the standards of conduct and practice established by state statutes or board regulations

Explain why you no longer hold a license from every state or jurisdiction in which you **previously held** a CPA license. If necessary, attach additional sheets of paper.

The respective board of accountancy of every state or jurisdiction in which you previously held a CPA license must provide documentation whether you have been found guilty of any violations of the standards of conduct and practice established by state statutes or board regulations.

The state board of accountancy must forward documentation to the VBOA.

CONTINUING PROFESSIONAL EDUCATION (CPE)

I have met the CPE requirements prescribed by Board Regulation [18VAC5-22-90](#) (120 hours of CPE obtained during the previous three calendar-year period ending with the current calendar year), including a two-hour Virginia-Specific Ethics course and shall upon the VBOA's request demonstrate such compliance.

Yes

No

Individual CPA License Reinstatement

I understand if I release or authorize the release of reports on attest or compilation services for persons or entities located in Virginia then I must obtain on an annual basis eight hours of CPE related to attest or compilation services, in compliance with Board regulation [18VAC5-22-140](#).

Yes

No

During the time my Virginia license was expired, I was exempt from the CPE requirements in accordance with Board regulation.

Yes

No

Attach documentation of CPE to this form.

PROVIDING SERVICES AND USING THE CPA TITLE DURING THE TIME MY LICENSE WAS EXPIRED

During the time my license was expired:

Yes No I practiced public accounting.

Yes No I used the CPA title.

Yes No I claimed to hold a license to use the CPA title.

Yes No I made any other claim of licensure, registration, or approval related to the preparation of financial statements that is false or misleading.

Yes No I referred to any of the standard-setting authorities listed in the standards of conduct and practice in subdivisions 5 and 6 of [§ 54.1-4413.3](#) of the Code of Virginia, or referred to or used any of the terminology prescribed by those authorities for reporting on financial statements, in any form or manner of communication about services provided to persons or entities located in Virginia.

If yes to any of the above, explain and provide documentation that describes:

1. What types of services using the CPA title I provided during the time my license was expired (ex. use of the CPA designation on business cards, an email signature or a company biography).
2. What specific forms I signed using the CPA title during the time my license was expired.

Individual CPA License Reinstatement

- If my license is reinstated, I plan to provide services to the public or to an employer. Upon reinstatement, I shall comply with Board Regulation [18VAC5-22-90](#) regarding CPE.
- I have attached my request for the [Active – CPE Exempt Status](#).

CERTIFICATION

- I comply with the requirements for license reinstatement prescribed in [§ 54.1-4413.2\(D\)](#) of the Code of Virginia.
- I shall meet the continuing professional education (CPE) requirements prescribed by Board regulation [18VAC5-22-90](#) and shall upon the VBOA's request demonstrate such compliance.
- I understand that if I release or authorize the release of reports on attest or compilation services for persons or entities located in Virginia then I must obtain on an annual basis eight hours of CPE related to attest or compilation services, in compliance with Board regulation [18VAC5-22-140](#).
- I have not been the subject of or party to any administrative disciplinary action before any branch of the armed forces of the United States of America, court, agency of the state or federal government, or before the American Institute for Certified Public Accountants, the Virginia Society of Certified Public Accountants or their successors.
- I have not been convicted in any jurisdiction of a felony or misdemeanor regardless of whether sentence is suspended, imposed or executed, or have not been charged with a crime or have no charges pending.
- I have not had judgment rendered against me for any intentional tort or professional negligence.
- I have not withheld information that might affect the decision by the VBOA to reinstate my license.
- I certify all of the information submitted in this application and attachments is true and complete. I am aware that submitting false information or omitting pertinent or material information in connection with this application is cause for the denial, suspension or revocation of my license.
- I have carefully read the laws and regulations related to the practice of public accounting. I agree to abide by and remain current with the applicable laws and regulations, which are available at www.boa.virginia.gov.

Name: _____ License number: _____

Signature: _____ Date: _____

Appendix IV: Video Scripts



Intro

Brian Carson: Welcome to the Virginia Board of Accountancy's 2018 required Virginia CPA Ethics course! I'm Brian Carson, CPA, of the Virginia Board of Accountancy, and I am here to talk about why this course is so important in fulfilling the VBOA's mission to protect the citizens of Virginia through a regulatory program of licensure and compliance of individual CPAs and CPA firms. To achieve our mission, it is absolutely critical that our licensees are current on changes to our statutes, regulations, policies and procedures.



Susan Ferguson: I'm Susan Ferguson, CPA, chair of the VBOA, and the Ethics course arose from the Sarbanes-Oxley Act of 2002, which was a response to the Enron scandal and other accounting-related issues. The VBOA believes that ethical behavior is the foundation of our profession, our statutes and regulations, and we have chosen to focus on Virginia with this course. We keep this in mind when developing the course outline each year.

Brian: While this course is a major opportunity for us to communicate with all Virginia CPAs, we can fulfill our mission more effectively when we're in regular contact with licensees. As a Virginia licensee, it's your responsibility to keep your contact information current so that the VBOA can communicate with you.

Susan: Another point of emphasis this year is the public's perception of CPAs as it relates to our licensees' personal and professional conduct. This includes the use of social media such as LinkedIn or Facebook, where the CPA title may be used inappropriately or along with other content that may or may not reflect positively on our profession. Consequently, if your CPA license is no longer active, it's your responsibility to remove the title from your social media accounts and online presence.



Brian: Additionally, the course includes a tutorial on the CPE Tracking System, helpful information on how CPAs can stay in compliance while volunteering and a review of a selection of enforcement cases. We're excited to present this year's course, We hope the information included in this course will assist you in fulfilling your responsibilities to the VBOA and the public. Enjoy the course, and please let us know what you think!

Appendix IV: Video Scripts

CPA Responsibility to Society

Susan Ferguson: Research conducted by the AICPA over the past two decades consistently confirms that the public perceives CPAs as trusted and respected financial professionals because of their objectivity, integrity and financial acumen. The term “trusted advisor” is an especially appropriate moniker, because that’s truly what the CPA credential represents to the public: a trustworthy, knowledgeable professional with the expertise necessary to assist with financial decisions.



Brian Carson: With that reputation, of course, comes greater responsibility. CPAs are expected to conduct themselves in a professional, ethical manner and carefully adhere to professional regulations and standards. We must remain vigilant to eliminate any lapses in good judgment and integrity that could jeopardize the strong ethical, trusted reputation we’ve worked so hard to develop. This also includes maintaining these same high standards in today’s global economy, as we work with professionals in other countries that may have differing standards.

Susan: No matter one’s business or professional specialty, a CPA must be mindful of his or her responsibility to the public. Maintaining the public trust is paramount to maintaining the credential’s strong reputation.



Brian: If you have any questions about your license, please don’t hesitate to contact the VBOA at (804) 367-8505 or at boa@boa.virginia.gov.

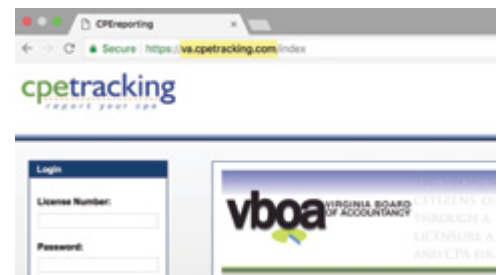


CPE Tracker Screencast

The Virginia Board of Accountancy, in conjunction with the National Association of State Boards of Accountancy, offers a CPE tracking system for all Virginia CPAs at no charge. Here's how it works. Go to va.cpetracking.com to access the system.

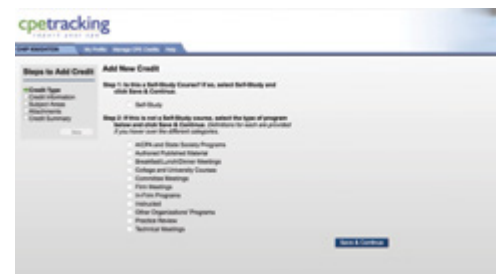
Enter your Virginia CPA license number and tracking system password to log in. Your initial password was sent to you in an email or letter from the VBOA, and you will be required to change it the first time you log in. If you have already changed your initial password and don't remember it, select "Forgot your password" to create a new one. You'll need your license number and email address to do so.

To see your list of credits that have already been reported, hover over the "Manage CPE Credits" header and click "CPE Credits Reported." The default view lists any credits entered in your account that occurred between January 1st three years prior and December 31st of the current year. You can search for credits in a different date range by typing a new date in the From Date and To Date fields. To view only select program types, choose the desired program from the drop down menu. To download a copy of the report, check the Export Details box for a spreadsheet file or Printable View box for a .pdf file prior to clicking Run Report.



To enter additional CPE credits into the tracking system, select "Add new credit".

If the course you are entering is a self-study course, regardless of what organization offered the course, select Self-study under Step 1 and then click Save & Continue. If the course is not a self-study course, select the program type under Step 2. For more information on what the VBOA accepts and what information you'll need, hover over the name of each program. Select Save & Continue after making your selection.



Fill in the credit information, which can most often be found on your certificate of completion or other course materials. The required information is marked by asterisks and will depend on the CPE credit type you're entering. Once you have completed the form, click "Save and continue".

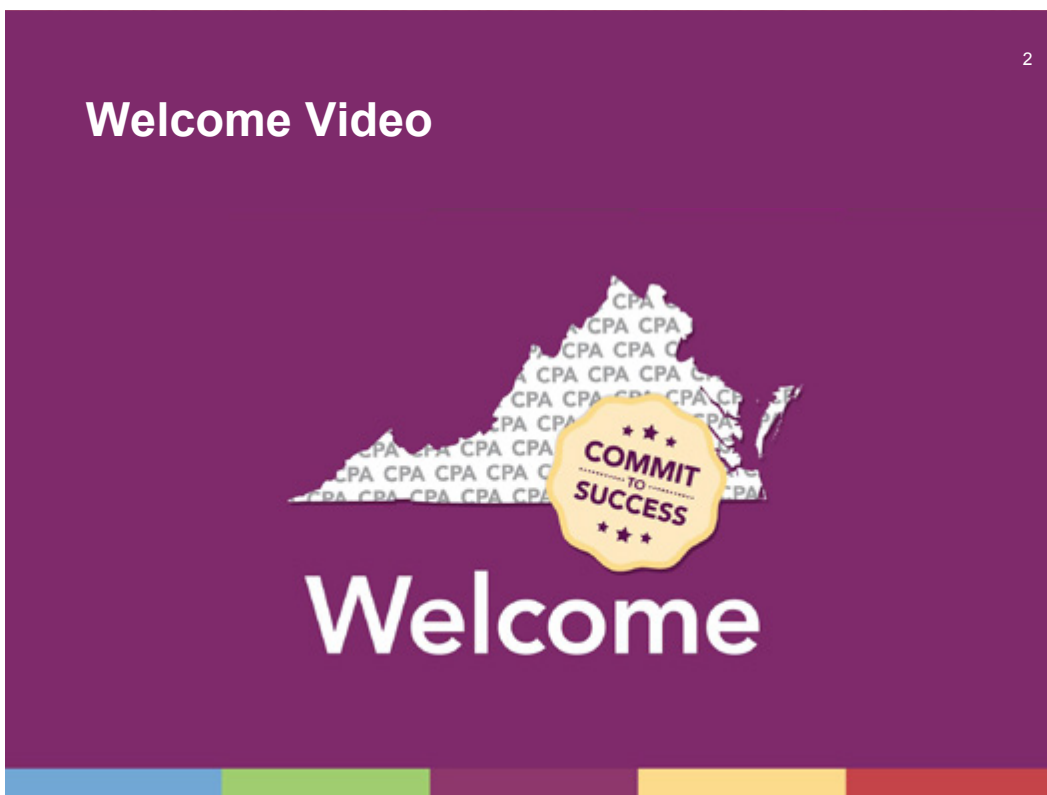
Select the subject area and enter the number of credits received. Then select Add. You may add additional subject areas and associated credits. Select Continue when complete.

The next step is to upload a copy of your certificate of completion. Select "Choose File" and locate your CPE certificate on your computer. Then select "Attach" and click Continue.

When submitting your Virginia specific ethics course, you will be prompted to indicate whether the course was offered by an approved provider. Refer to the VBOA's website for a list. If the provider is not approved by the VBOA, the course will not fulfill your annual ethics requirement. Courses taken through the Virginia Society of CPAs are automatically entered into the tracker unless you opted out of the automatic transfer in the VSCPA system. Select Add to see the credit summary and make any necessary modifications.

To add additional CPE credits, go back to the Manage CPE Credits menu and select Add New Credit. Using this menu, you can also manage your CPE providers, submit your CPE records to the Board of Accountancy if you are under audit, claim a home-state exemption, or generate a CPE status report. For additional help with the CPE Tracking System, review the documentation and videos under the Help menu.

Appendix V: Presentation



Volunteering



Volunteering at a Nonprofit

Two very important questions:

- **What service is to be provided (i.e., for what service has the CPA been engaged?)**
- **In what capacity will the CPA be providing the service?**

Appendix V: Presentation

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What Service is to be Provided?

- **Attest**
 - Is the CPA or a committee performing the audit?
- **Compilation**
 - Is this actually a preparation of financial statements instead of a compilation?
- **Preparation of financial statement services**
 - Is it really a financial statement?



6

Attest Services as a Volunteer

- **As an officer or governing board member**
 - A CPA cannot perform audit, review or other attest engagements (lacks independence)
- **As an “other” volunteer**
 - The CPA must have a firm license, be enrolled in peer review and all work must be performed in compliance with the profession’s technical standards



Compilation Services as a Volunteer

- **As an officer or governing board member**
 - Can perform compilation
 - No firm license is required, no peer review enrollment and the work is not required to meet the profession's technical standards.
- **As an "other" volunteer**
 - Can perform compilation
 - Firm license and enrollment in peer review would be required. All work performed must comply with the profession's technical standards.



Financial Statement Preparation Services as a Volunteer

- **As an officer or governing board member**
 - Can perform financial statement preparation
 - CPA does NOT need a firm license and does NOT need to be enrolled in peer review and the work is not required to meet the profession's technical standards.
- **As an "other" volunteer**
 - Can perform financial statement preparation service
 - Firm license is required. Enrollment in peer review is not required. All work performed must comply with the profession's technical standards.



Appendix V: Presentation

Guidelines for Providing Volunteer Services (Page 9)

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Type of Service	CPA Licensee Status		
	Independent	Not Independent Owners, Officers, Employees and Members of Governing Body	Not Independent Conflicts of Interest (other than Owners, Officers, Employees and Members of Governing Body)
Audit	Must comply with technical standards.	Not Independent — You cannot provide services.	
Review	Must comply with technical standards.	Not Independent — You cannot provide services.	
Attestation (including agreed-upon procedures)	Must comply with technical standards.	Not Independent — You cannot provide services.	
Compilation	Must comply with technical standards.	You do not have to comply with technical standards.	Must comply with technical standards.
Consulting Services: <ul style="list-style-type: none"> • Accounting Consultation • Budget Preparation Assistance • Fraud Loss Quantification • Management Consulting • Other Consulting Engagements 	These are consulting services, not audit, review or other attestation or compilation services. You do not have to comply with technical standards other than Consulting Services Standards.		
Other Services: <ul style="list-style-type: none"> • Bookkeeping • General Ledger Maintenance • Working Trial Balance Preparation • Bank Reconciliation Preparation • Payroll Processing • Tax Returns Preparation 	These are not audit, review or other attestation or compilation services. You do not have to comply with technical standards other than Tax Services Standards.		
Procedures that would be performed in connection with an attest service but licensee has not been engaged to perform an attest service: <ul style="list-style-type: none"> • Bank Reconciliation Review • Internal Control Review • Agreed-upon Procedures of Audit Committee • Inventory Counts • Other Attest Procedures 	These are not audit, review or other attestation or compilation services. You do not have to comply with technical standards.		

Source: VBOA

Homeless Canaries Case

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Homeless Canaries Case

- Can Louise prepare audited financial statements, as that term is defined by professional standards? Why or why not?
- Can Louise prepare unaudited financial statements? If so, is there any ramification to her license?
- Can Louise verify the previously announced bank balances to the bank records? If so, is there any ramification to her license?
- What is a reasonable course of action for Louise to pursue?



CPE

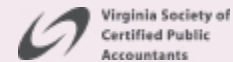


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CPE Requirements

- 120 hours every 3 years
- Minimum 20 hours per year
- Virginia-specific Ethics course — 2 hours per year
- 8 hours of A&A per year for those who release or authorize release of reports



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Examples of qualifying CPE

- Attending a seminar or educational conference
- Earning course credit at an accredited college or university
- Completing a course through nano-learning or incremental CPE
- Completing a self-study course
- Making a presentation or producing written materials



CPE Documentation Requirements

- **Certificates of completion from a CPE sponsor should include:**
 - Names of sponsor, participant and course
 - Date taken
 - CPE hours earned
- **Official college/university transcript**



CPE Documentation Requirements

- **For instructors:**
 - Syllabus/agenda
 - Length of the presentation
- **For writers:**
 - A copy of the published article, book or written material, or proof of publication

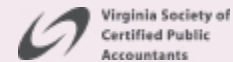


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CPE Documentation Retention Requirements

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- Licensees must retain CPE documentation for the four calendar years preceding the current calendar year



Active — CPE Exempt Status

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- CPA must apply for the Active — CPE Exempt status and be approved before ceasing CPE



Active — CPE Exempt Status

Examples

Generally qualify for Active — CPE Exempt

- Retired
- Not employed
- Missionary
- Teacher (non-accounting)
- Medical doctor
- Stay at home parent
- President/CEO of large company

Do not qualify for Active — CPE Exempt

- Chief financial officer (CFO)
- Tax attorney
- Director of finance
- Comptroller/Controller
- Accountant
- Budget analyst/Manager
- Accounting professor



Approved: Active — CPE Exempt Status

- Licensee is considered actively licensed and may use the CPA title
- Licensee cannot provide services to the public or to or on behalf of an employer which require the substantial use of accounting, finance, tax or similar skills



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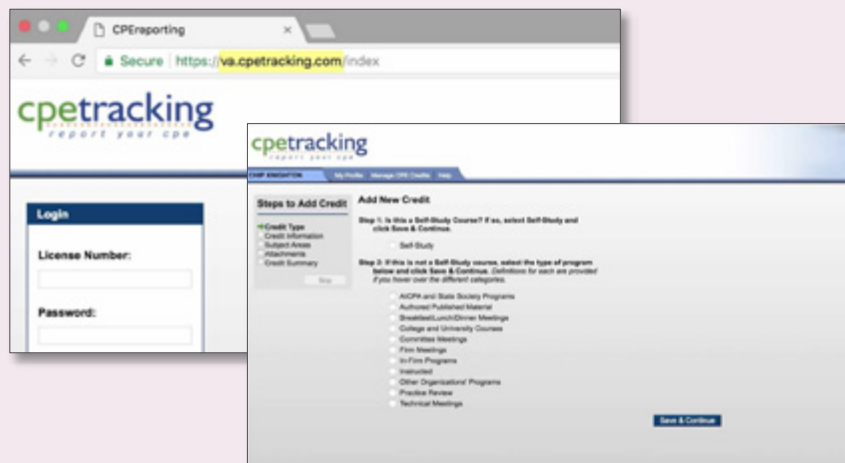
CPE Tracking System

- Voluntary for day-to-day use by licensees
- Required for licensees selected for CPE audit



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Tutorial for the CPE Tracker



Tutorial for the CPE Tracker



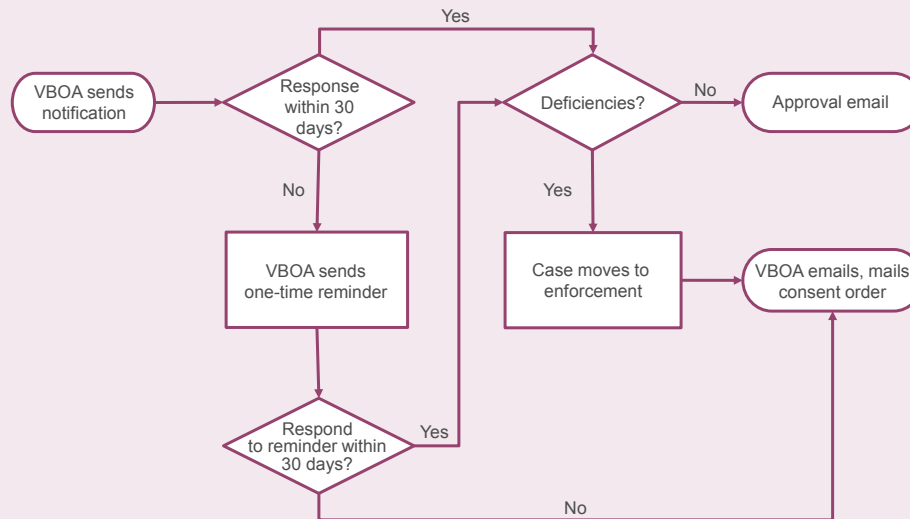
CPE Audits

- In fiscal year 2017, VBOA conducted more than 2,000 audits (150–200 a month)
- VBOA currently makes its audit selection each month based on a random sample

Appendix V: Presentation

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Detail of the CPE Audit Process



Source: VBOA

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Enforcement Options

- Sign the consent order within 10 days of receipt
- Voluntary surrender of license
- Request an Informal Fact Finding before VBOA executive director



Top Reasons for CPE Deficiency

- Licensee didn't think they had to obtain CPE
- Licensee was deficient in the Ethics course
- Licensee didn't meet the minimum 20 hours per year
- Licensee didn't meet the minimum 8 hours of attest & compilation per year (for those who release or authorize the release of reports)



CPA Responsibility



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CPA Responsibility Video



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CPA Responsibilities

- The value of a CPA
- Public perception of the CPA
- CPAs' responsibility to the public
- Using the CPA title
- CPAs should exercise professional and moral judgment in all activities



Case Study — Carter Collie

- **Reinstatement application problems**
 - Indicated use of accounting on reinstatement application
 - Indicated unintentional use of CPA on LinkedIn in application
 - Was attempting to use the reinstatement year available to become current on CPE
 - Missed reinstatement deadline unintentionally



Legislative Changes

- **License renewal changes**
- **Peer Review requirement change**
- **Experience requirements for licensure changed**



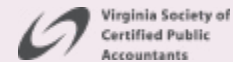
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Single Renewal Date

Renewal Date	Expiration Date
March – June 2018	June 30, 2019
July 2018 – March 2019	June 30, 2019 (fee prorated)*
April 2019 on	June 30 of the subsequent year

* Fee will only be prorated for 2019



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Case Study — Reinstatement Disclosure

- Decides to reinstate license
- CPA was being used on LinkedIn profile while not licensed
- Reinstatement application did not disclose use of CPA while not licensed



Social Media



Online Presence

- **How a person appears to the public through social media, websites, blog posts, etc.**
- **Social media should be approached with care**

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Online Presence

- **CPAs must be mindful of how their online presence:**
 - **Appears to clients, colleagues, business partners and the public**
 - **Reflects on their employer, the profession and the CPA credential**



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LinkedIn Case Study

- **Are there any ethical concerns raised by Bernard's LinkedIn Profile? What about his picture and bio? What should he have done differently?**
- **How does Bernard portray the CPA credential? Does this raise any ethical concerns?**
- **Does Bernard using another firm's logo raise any ethical concerns?**



LinkedIn Case Study

- **What are some potential ethical problem areas concerning LinkedIn endorsements? Should you always accept a LinkedIn endorsement?**
- **Any concerns with Bernard's LinkedIn blog post? Anything he could have done better?**
- **Do you have any concerns over Bernard responding to the question posed to him on the LinkedIn message he received? What should he have done?**



Online Presence Best Practices

1

Google yourself at least once per year

2

Regularly review social media profiles/accounts

3

Be cautious when claiming expertise or accepting endorsements

4

Avoid dispensing overly specific advice via social media

5

Never share information that is confidential or that may be used to identify clients, colleagues or business contacts



Appendix V: Presentation

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AICPA Code of Professional Conduct

Sections of the AICPA Code of Professional Conduct relevant to the VBOA enforcement cases:

All CPAs	CPAs in Public Practice	CPAs in Corporate Finance
0.200.020 – Application of the AICPA Code	1.400.001 – Acts Discreditable Rule	2.100.001 – Integrity and Objectivity Rule
0.300.040 – Integrity	1.400.090 – False, Misleading, or Deceptive Acts in Promoting or Marketing Services	2.130.010 – Knowing Misrepresentations in the Preparation and Presentation of Information
0.300.060 – Due Care	1.600.001 – Advertising or Other Forms of Solicitation Rule	2.400.001 – Acts Discreditable Rule
	1.600.010 – False, Misleading, or Deceptive Acts in Advertising or Solicitations	

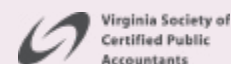


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Conclusion

Next steps:

- Complete evaluation at <https://www.surveymonkey.com/r/2018Ethics> (which will also be emailed to you)
- Check the status of your CPA license (and firm license, if applicable)
- Check your CPE information in the VBOA tracker
- Visit vs CPA.com/EthicsResources for updates



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Certified Public
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