

# disclosures

THE OFFICIAL MAGAZINE OF THE VIRGINIA SOCIETY OF CPAs

SUMMER 2023

VSCPA.COM/DISCLOSURES

## MENTAL *health* MATTERS

CPA leaders can foster psychological capital



Cannabis update  
Minimize outsourcing risks  
Quality management standards

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**SUMMER 2023**  
Volume 35, No. 3

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Disclosures is published four times a year by the Virginia Society of Certified Public Accountants (VSCPA). The magazine's mission is to communicate information of value to VSCPA members, including professional issues and VSCPA initiatives. The materials and information in Disclosures are offered as material only and not as practice, financial, accounting, legal or other professional advice. Statements of fact and opinion are made by the authors alone and do not imply an opinion on the part of VSCPA officers, members or editorial staff. Publication of an advertisement in Disclosures does not constitute a VSCPA endorsement of the product or service. Copyright © 2023 Virginia Society of CPAs.

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# VSCPA 2030: What will our future hold?

*It's hard to believe*, but it's been five years since the VSCPA undertook a comprehensive strategic planning process. This year, the Board of Directors, with Jennifer Lehman, CPA, at the helm as chair, will guide the Society to identify its newest priorities in the VSCPA 2030 visioning process.

Our previous strategic plan, VSCPA2025, was developed in 2018 to guide the accounting profession and Virginia CPAs toward a successful, vibrant future. Of course, we couldn't know that two years later we would be challenged in completely unforeseen ways with the pandemic.

Still, the VSCPA2025 vision has served us well. We updated our mission and vision and identified four bold strategies to help you thrive: create a culture of learning, influence students to become CPAs, drive innovation and vision, and advocate for members' interests. Two years later, we added a fifth strategy: increase the diversity, equity and inclusion (DEI) in the profession.

With those strategies as our guideposts, we've accomplished so many things to be proud of. To name only a few, we've embraced digital learning, committed ourselves to CPA pipeline solutions, successfully lobbied for rolling income tax conformity in Virginia, and become a national leader in promoting DEI in the accounting profession.

As we develop a new plan for the rest of this decade, we'll consider the reality of today's working world. The business environment is rapidly evolving — artificial intelligence, offshoring, and so many other factors affect how you and your organizations will succeed in the coming years.



And we want your input too! Last month we asked you in a quick poll to tell us your top pain points and vision for the future of the CPA profession. As the Board of Directors dives into the visioning process this year, we'll use your input, as well as drivers of change like the global economy and changing market demands, to craft a useable plan that will carry us into the future.

Missed our poll? Send me your thoughts anytime to [speters@vscpa.com](mailto:speters@vscpa.com). We can't wait to bring you VSCPA 2030 at the end of this fiscal year! ■

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*Stephanie Peters, CAE, has served as VSCPA's president and CEO since 2007.*

✉ [speters@vscpa.com](mailto:speters@vscpa.com)  
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# YOUR TRUSTED PARTNERS FOR STRATEGY FACILITATION

VSCPA members receive special pricing.

**Thomson Consulting** and **VSCPA Strategic Insights** have partnered to bring you even more knowledge, trends and expertise. Together, we'll help you think about how your vision, strategies and culture can all align to transform your business.

An effective strategic plan can give your organization **clarity**, **focus** and **build trust** with your employees. As you start planning for the new year, now is the time to think about how your business will evolve and become a successful firm of the future. See how we can help!

VSCPA members receive special pricing. Visit [vscpa.com/VSCPAstrategicInsights](https://vscpa.com/VSCPAstrategicInsights) or contact Laura Cobb, CAE, at [lcobb@vscpa.com](mailto:lcobb@vscpa.com) or (804) 612- 9441 for more details.



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Leveraging 30-plus years of leadership experience in Virginia's CPA industry, **Gary Thomson** guides CPA firms of all sizes in developing partner-level leaders, building innovative governance, and crafting leading-edge strategic plans.

**The VSCPA** brings more than 20 years of experience working on behalf of the profession with exposure to local and national trends and issues.



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## BY THE NUMBERS:

### VSCPA in *review*

*We may be* 114 years old, but the VSCPA continues to celebrate new accomplishments and exciting developments. Here's a taste of our 2022–2023 fiscal year, which ended May 30. Check out all of our activities at [vscpa.com/vscpa-in-review](https://vscpa.com/vscpa-in-review).

**613:** The record number of VoterVoice messages you sent to legislators on rolling income tax conformity, helping us make this multi-year advocacy campaign a reality.

**147%:** The increase in applicants for our Educational Foundation minority scholarships.

**13,000:** The approximate number of VSCPA members.

**27:** The number of scholarships given to deserving accounting students (of whom 61% are minorities).

**9:** The number of different ethics courses offered, from diversity to ripped-from-the-headlines.

**34:** The number of pages of our members-only VSCPA Recruitment Guide, designed to offer you capacity solutions.



## VIRGINIA IS FOR ACCOUNTANTS

We know Virginia is a great state for accounting, and now we have proof!

Virginia is the seventh best state to pursue a career in accounting and finance, according to Tipalti's finance career index. States are scored by the average ranking of its schools with finance and accounting programs, locations with the most job opportunities, and salaries.

New York comes in at No. 1, and the rest of the top 10 are: Minnesota, Illinois, New Jersey, Maryland, Pennsylvania, Florida, Georgia and Connecticut.

## WHAT'S THAT MEAN? >> Great Reshuffle

Is the "Great Resignation" over? Call it a reshuffling instead, says a new study from the American Institute of CPAs (AICPA) and the PwC. Almost 25% of respondents to the "Finance and the Great Reshuffle" survey said that they were planning to change their jobs within the next year.

Although their desire to change is related to a yearning to grow as well as financial disappointments, those aren't the only reasons for jumping ship. A lack of meaning, empowerment, or upskilling opportunities are also factors. In fact, 39% of respondents said they experienced feelings of burnout, and 20% said their work didn't feel meaningful.

Check out the full report at [aicpa-cima.com/resources/landing/greatreshuffle-cee](https://aicpa-cima.com/resources/landing/greatreshuffle-cee).

## A Millennial tidal wave is coming

In 2008, we had the Great Recession. In 2025, we're going to have the Great Tsunami. Is your company prepared?

In 2025, roughly 75% of the workforce will be made up of the Millennial generation as Baby Boomers continue to retire and Gen Xers also begin retirement. The remaining 25%, a mix of Boomers and Gens X and Z, means that organizations must figure out ways to appeal to a variety of different employees' needs and wants.

## TICKER

62

Percent of companies planning to disclose pay rate information.

760

Number of enforcement actions filed by the U.S. Securities & Exchange Commission (SEC) in 2022.

\$6.4 BILLION

The record amount of SEC-assessed penalties in 2022.

1

Virginia's rank among best states for retirement.

43

Percent of audit executives concerned about their company's ability to recruit qualified talent with technical skills to power AI and machine learning.

37

Percent of audit executives concerned about their ability to upskill and train internal audit staff.

\$8.1 MILLION

Amount allocated to 17 GO Virginia grant recipient projects around the state intended to spur economic growth and workforce development.

62

Percentage of Americans living paycheck-to-paycheck.

70

Percentage of U.S. adults who are stressed about their finances.

## CYBERWARNING&gt;&gt;

Companies need *shields* up!

*A full 94%* of organizations experienced a cyberattack of some form in the past year, according to "The State of Cybersecurity 2023" from Sophos. Results from 3,000 respondents from 14 countries discovered:

- 57% of IT professionals lose sleep worrying about the organization being hit by a cyberattack.
- 93% find executing essential security operations challenges.
- Security tool misconfiguration is the top perceived security risk in 2023.
- The top perceived threat, with 41%, is data exfiltration — theft by an external hacker.

So, what should you do to prevent these threats? The report recommends a "shields up" analogy for how you operate. Use "shields" or content-adversaried technologies to protect your company from any imminent threat. Remember to optimize prevention, reduce risk exposure and disrupt adversaries. Find the full report at [tinyurl.com/SophosCybersecurity2023](https://tinyurl.com/SophosCybersecurity2023).

## Blasting boundaries at work

The professional landscape is changing — and there are new fundamentals in the working world, according to Deloitte.

With Generation Z demanding remote work and quitters quietly walking around offices, Deloitte's 2023 Global Human Capital Trends report recommends accepting the change and acknowledging we're living in a boundaryless world. According to Deloitte, key shifts need to happen for organizations to consider themselves boundaryless. Jobs need to be viewed as skills, employees as workforce ecosystems, and productivity as human performance.

Three fundamental changes organizations must make to exist in a boundaryless world include:

- 1. Thinking like a researcher:** Organizations and workers must look at each decision as an experiment that will expedite and generate new insights.
- 2. Cocreating relationships:** Companies and their employees should collaborate on creating new rules, boundaries, and a new relationship.
- 3. Prioritizing human outcomes:** Organizations should create impact for broader society in addition to their business, workers, and/or shareholders.

This sounds well and good, but where should businesses start? Begin with the resources from Deloitte in their capital trends report at [deloitte.com/us/en/insights/focus/human-capital-trends.html](https://deloitte.com/us/en/insights/focus/human-capital-trends.html).

# Tackling the CPA *talent* shortage head on

The supply of accounting graduates into the CPA profession is decreasing. The VSCPA has a top-line goal to change that.

*Across the country*, dedicated accountants who have devoted their lives to the CPA profession are asking themselves an unwelcome question: Where are the next generation of talented accountants? The answer: They are there (the 27 recipients of our 2023 scholarships are just a few), but the number is dwindling.

A myriad of factors affects the pipeline of students into the profession, from decreasing college enrollment overall, fewer students choosing accounting, fewer young professionals sitting for the CPA Exam, and a competitive hiring landscape. (We detail the statistics behind these factors in our spring 2023 Disclosures article, “Is 150 too many?”, available at [vscpa.com/article/150-too-many](https://www.vscpa.com/article/150-too-many).)

But CPAs love a good challenge. The VSCPA is rising to the occasion, making the CPA pipeline a top-line goal in fiscal year 2023–2024 and deploying several key objectives to help move the needle.

“Addressing the current pipeline crisis takes a multi-faceted approach,” said VSCPA President & CEO Stephanie Peters, CAE. “You can’t only do one thing and call it a day. We must focus on a variety of different tactics to help promote the accounting profession to students.”

In May 2023, the American Institute of CPAs (AICPA) released an updated Pipeline Acceleration Plan focusing on 12 ways to address the root causes of pipeline challenges (see next page). The VSCPA reviewed and commented on previous iterations of the plan, and we will support various aspects of the plan as we develop our own milestones and objectives.

The VSCPA’s action items on the CPA pipeline directly support several of the areas identified by the AICPA. Here’s where we’ll put our efforts in 2023–2024.

## ADVOCATE FOR MEANINGFUL CHANGES TO IMPROVE THE PIPELINE

After a special task force convened by the VSCPA Board of Directors met last year to discuss the ramification of the 150-hour requirement, the VSCPA Board updated its position on the 150 to endorse redefining the education requirement. Now comes the hard part: How?

VSCPA leaders and staff will participate in pipeline conversations in various national settings, such as AICPA Council and National



Association of State Boards of Accountancy (NASBA) meetings. We’ll discuss areas of alignment with the Virginia Board of Accountancy (VBOA) and engage directly with elements of the AICPA’s Pipeline Acceleration Plan.

Ultimately, we will evaluate options and opportunities for modernization and make recommendations to relevant stakeholders.

## INCREASE THE DIVERSITY OF THE PROFESSION

While diversity, equity and inclusion (DEI) has been a top-level VSCPA goal for several years, we are doubling down on our commitment to support diverse candidates entering the profession. We committed \$15,000 over two years to the Center for Audit Quality’s Accounting+ initiative — a national brand awareness campaign focused on reaching Black, Hispanic and Latino high school and college students. As part of Accounting+, we’ll elevate and promote minority VSCPA members to inspire the next generation of CPAs.

We’ll also continue our involvement with the National Association of Black Accountants Richmond’s Accelerated Careers Awareness Program as well as develop our existing relationships with the accounting programs at Virginia’s historically Black colleges and universities.

See all our DEI initiatives for increasing the CPA pipeline at <https://www.vscpa.com/dei-students>.

## COMMUNICATE VARIOUS PATHWAYS TO 150 TO FACULTY AND ADVISORS

There's a misconception around the 150-hour educational requirement for licensure — a Master's degree is not the *only* path to 150; it's one of many. Others include graduate certificates, College Level Examination Program exams, double majoring with supplemental coursework, Advanced Placement courses for extra college credit, non-traditional credits, and more.

VSCPA leaders and staff will discuss options for meeting 150 hours with faculty and advisors at Virginia's colleges and universities. Students often enter accounting programs without clear knowledge of what the requirements are to become a CPA, and more may be willing to make the commitment when they realize all the various options available to obtain 150 educational credits.

We'll also aid the AICPA in communicating its new Experience, Learn & Earn (ELE) Program, now in its pilot phase, which will blend paid work experience and online courses for the final stretch of credit hours to licensure.

## HELP COLLEGE ACCOUNTING PROGRAMS BECOME STEM-APPROVED

Getting accounting recognized as a Science, Technology, Engineering and Math (STEM) field will elevate its exposure and increase awareness to the profession. The VSCPA supports legislative initiatives toward this end, and urged Virginia's federal representatives to support the Accounting STEM Pursuit Act in 2021. We anticipate more bills to be introduced allowing STEM K–12 grant funding to be used for accounting awareness and education.

Part of recognizing accounting as STEM involves urging colleges and universities to change their Classification of Instructional

Programs (CIP) codes to obtain STEM recognition. Currently, two accounting programs in Virginia have STEM-designated accounting programs, and we're encouraging other schools to change their CIP codes as well.

## EXPAND THE CPAS IN THE CLASSROOM PROGRAM

We currently have a thriving CPAs in the Classroom program to connect teachers, advisors and accounting clubs with knowledgeable members who can speak about the CPA profession. This year, we will expand the program to engage even more members and increase the number of classroom visits.

Last November, we participated in a month dedicated to promoting accounting education along with other state societies. This year, we're moving Virginia CPA Week from its normal week in September to November to coincide with Accounting Opportunities Month — and encourage even more CPA firms and members to volunteer and champion the profession in the community. We'll collaborate with college accounting clubs, conduct volunteer training, participate in educational panel discussions and more.

Join us by volunteering at [vscpa.com/cpas-in-classroom](https://vscpa.com/cpas-in-classroom)!

## LEARN MORE

We'll be updating you on our efforts as the year progresses, but you can also check out [vscpa.com/cpa-pipeline](https://vscpa.com/cpa-pipeline) to see all our efforts in this area. Questions? Contact VSCPA Vice President, Advocacy Emily Walker, CAE, at [ewalker@vscpa.com](mailto:ewalker@vscpa.com), or VSCPA Academic & Diversity Outreach Director Molly Wash, CAE, at [mwash@vscpa.com](mailto:mwash@vscpa.com). ■

## AICPA & CIMA PIPELINE ACCELERATION PLAN

- 1 Experience, Learn & Earn Program
- 2 Addressing firm culture and business model challenges
- 3 30-hour communications campaign
- 4 Extending the 18-month window to finish the CPA Exam
- 5 Examining Uniform Accountancy Act variances
- 6 High school and college strategies
- 7 STEM recognition
- 8 AICPA Foundation and scholarships
- 9 Expansion of 529 funds to CPA Exam costs
- 10 Government audit and finance collaboration
- 11 Best practices for offshore talent
- 12 CPA image campaign

Download the full plan for more information on each of these areas: [aicpa-cima.com/resources/article/draft-plan-to-accelerate-talent-pipeline-solutions](https://aicpa-cima.com/resources/article/draft-plan-to-accelerate-talent-pipeline-solutions).

# Neurodiversity in accounting: A *career* match

Neurodiverse employees are an untapped talent pool.



Tori Smith

*Diversity, equity and inclusion* (DEI) efforts have swept the accounting nation and generally take the form of inclusiveness among different races, genders and abilities. Neurodiversity is another piece of the DEI pie.

The term “neurodiversity” was coined by Australian sociologist Judy Singer and is a synonym for all humanity, a category of intersectionality, and a civil rights movement for psychomedically labeled minorities and their allies. It does not mean neurologically disabled.

Judy argues that the entire population is neurodiverse because each person has a unique brain.

The term was first published in Singer’s 1998 sociology honors thesis at the University of Technology Sydney. A full version of the thesis is included in Singer’s new book, “NeuroDiversity: The Birth of an Idea.”

According to Singer, the neurodiversity movement is an umbrella term that can include many interests of various psychomedically labeled minorities, including

but not limited to attention-deficit/hyperactivity disorder (ADHD), autism, tics, learning disabilities, speech, and others.

## ATTRACTING NEURODIVERSE CANDIDATES

Given the current focus on DEI in the workplace, business leaders are educating themselves on neurodiversity and implementing neurodiverse-friendly practices within the hiring process.

Katie Brennan, an HR advisor from the Society for Human Resource Management (SHRM), said that since COVID-19, there has been a greater overall push for DEI efforts.

“It became a priority overall that included disability,” said Katie. “There was value in a diverse workforce and seeing how a DEI program could retain talent.”

Although an obvious initiative for an organization is to partner with an organization that can walk them through the process of being neurodiverse-friendly, Katie said there are a few things that smaller organizations can do to be more inclusive.

## CONTINUE READING

- “The autism spectrum: An untapped talent source” — Tennessee Society of CPAs: [vscpa.com/article/autism-spectrum-untapped-talent-source](https://vscpa.com/article/autism-spectrum-untapped-talent-source)
- “Neurodiversity as a competitive advantage: Why you should embrace it in your workforce” — Harvard Business Review: [hbr.org/2017/05/neurodiversity-as-a-competitive-advantage](https://hbr.org/2017/05/neurodiversity-as-a-competitive-advantage)
- “Promoting neurodiversity” — Journal of Accountancy: [tinyurl.com/PromotingNeurodiversity](https://tinyurl.com/PromotingNeurodiversity)

80% of the neurodiverse population are unemployed, despite being an untapped talent pool.

—Harvard Business Review

“Smaller organizations can ... post positions, partner with disability-related organizations, attend disability-related job fairs, include goals to attract individuals with disabilities, and consider simplifying job applications to make them more friendly,” she said. “The goals would be more of an internal goal. They might set goals to attract marginalized talent; it doesn’t have to be something necessarily that applicants would see.”

Some larger organizations have already adopted programs to accommodate the neurodiverse hiring population.

“Bigger companies have started programs in the last 10 years that tend to be tech and finance companies, companies that have repetitive tasks,” said Katie. “Those companies realized sooner than many others that there’s an untapped talent pool.”

Several large companies that have neurodiversity-focused programs are EY, Deloitte, Dell, Ford, and JP Morgan. Colleges and universities are also jumping on board; the College of William and Mary has a program for neurodiverse students.

While hiring a neurodiverse individual, the company may need to make accommodations so the employee can thrive. This includes, but is not limited to, allowing the employee to wear noise-canceling headphones, moving an employee due to a loud environment, and more. Katie said that, typically, the accommodations she sees don’t cost a lot of money to the company, if any.

## NEURODIVERSITY AND ACCOUNTING ARE A GOOD FIT

According to Katie, there are multiple reasons a neurodiverse person would be suited for a career in accounting.

“Generally speaking, they often have a keen level of attention to detail, as well as accuracy and ability to detect errors, and when we’re talking numbers, that’s critical,” she said. “Accounting can be sort of autonomous, and the idea of not interacting with the public can be attractive.”

## 5 WAYS TO SUPPORT NEURODIVERSITY AT WORK

How can you be more accommodating to the neurodiverse? Here are five tips from the Journal of Accountancy:

1. Reach out to the autism community.
2. Rethink your hiring process.
3. Don’t limit opportunities.
4. Be prepared to make accommodations.
5. Look for office champions.

Even though Katie said that they might prefer to work alone, that isn’t to say they wouldn’t add benefit to the team.

“They [have] innovation, creativity and problem solving,” she said. “They view situations through a different lens and have so many different perspectives.”

Neurodiverse individuals interested in accounting can start with their job searches. According to Katie, larger companies usually have a web page that mentions different protected statuses that will disclose their neurodiversity practices. She said it’s a good way to gain an understanding about who they are.

Regarding asking for an accommodation, “Simply say, ‘These are my limitations, and I would appreciate support,’” she said. “If the employee knows what support will help them, they and the employer can list them out. In most cases, they will be required to accommodate them. It wouldn’t be anything that was a formal conversation.”

A 2020 UK study by the Institute of Leadership & Management found that 50% of the UK’s employers admitted they wouldn’t hire someone with a neurodivergent condition. Katie wants employers to make changes to hiring practices. “I hope to see more employers embracing it and making a great effort to attract neurodiverse talent throughout multiple mediums without sticking to their same talent strategy.

“The neurodivergent are highly unemployed. For most of us, regardless of cognitive differences, having a job gives us a sense of self-worth,” Katie said. “That’s undefinable.” ■

# An *innovative* pricing model: Services on subscription

One expert says accounting firms should consider subscription pricing rather than fee-for-service.



*Ron Baker wants* to mirror the idea of concierge care in medicine to protect the client-accountant relationship in the profession.

Ron, a triple-threat, is the founder and owner of the VeraSage Institute, a talk show host for The Soul of Enterprise on Voice America, and an author. His newest book, written in cooperation with Paul Dunn, is “Time’s Up! The Subscription Model for Professional Firms.”

Ron started researching the book in 2017 when he realized the subscription model was an emerging topic. He wanted to promote the model to “align the profession’s rhetoric.”

In an episode of Louie Proserpi’s The Successful Bookkeeper podcast, Ron said he was inspired by Joseph Pine’s book, “The Experience Economy,” which helped him realize accountants are already in the profession of transformation — they just don’t treat it in that manner.

“The customer should pay *us* for the transformation,” Ron said.

How does that scale to a CPA’s services? Accounting firms should price the *relationship* between the client and the accountant, *not* the service.

According to Ron’s new book, “There is an obvious disconnect between what professionals say and what their business model does. We say the relationship comes first, but we monetize the services. We have too many customers, and too many who are ‘one and done,’ which keeps us on a treadmill to continuously feed the lead-generation funnel.”

Ron always comes back to the idea of “relationships don’t scale” — meaning that accountants can’t provide the necessary level of value and care to clients if they have thousands of them.

A model for subscription pricing exists in medicine. In concierge medicine, a doctor or group of doctors charges the patient a membership fee before they’ll accept the patient into the practice. Other industries have subscription models too, from hair care to home maintenance.

Ron believes if firms mirror concierge medicine, the relationships would scale. Firms would be able to provide more value to their clients, he said.

Multiple professions have adopted the idea of a subscription model. Ron’s only question for accounting firms is: When will they? ■

## CONTINUE LEARNING

- **Website** — VeraSage Institute: [verasage.com](https://verasage.com)
- **Podcast episode** — Accounting Profits & Prosperity: [tinyurl.com/RonBakerPodcast](https://tinyurl.com/RonBakerPodcast)
- **Book** — Time’s Up! The Subscription Business Model for Professional Firms: [tinyurl.com/RonBakerBook](https://tinyurl.com/RonBakerBook)
- **Webinar** — Pricing Client Accounting Services 2023: [tinyurl.com/VSCPAClientPricingWebinar](https://tinyurl.com/VSCPAClientPricingWebinar)

# 4 EFFECTIVE *strategies* FOR YEAR-ROUND CASH FLOW

Running a successful accounting practice requires constant learning and adaptation in a fast-changing environment. Using modern technology can help accountants streamline cash flow, increase revenue, offer more services, and bring extra value to clients.

## 1. EXPAND YOUR SERVICES

Consider building your services to address clients' needs throughout the year — beyond tax preparation. Some service expansions can include:

- **Bookkeeping:** Comprehensive bookkeeping and accounting services can include monthly or quarterly financial statement preparation, general ledger maintenance, and bank reconciliation.
- **Business advisory services:** Strategic accounting advisory services, such as performance analysis and benchmarking, help clients optimize their operations, identify growth opportunities, and navigate challenges.
- **Client advisory services:** Regularly schedule check-ins with clients to review their financial performance, address concerns, and provide specialized advice.

## 2. INVEST IN TECH SOLUTIONS

Technology has revolutionized the accounting industry, improving efficiency and creating limitless opportunities for innovation. Here are a few key areas to focus on:

- **Cloud-based accounting software:** Transitioning to cloud-based accounting software enables real-time access to financial data, facilitates collaboration with clients, and automates routine tasks.
- **Automated processes:** Implementing automation tools can significantly reduce manual effort and improve accuracy.
- **Data analytics:** Using data analytics tools, like CPACHarge's reporting capabilities, can provide valuable insights into client trends, identify opportunities for cost savings, and enable proactive decision-making.

## 3. REVAMP PAYMENT PROCESSES

Streamlining your payment process can increase your revenue and eliminate time-consuming tasks. A convenient payment

solution can encourage clients to seek and pay for accounting services. Some processes to improve cash flow include:

- **Online payments:** Allow clients to pay online with a credit, debit, or eCheck — giving them the freedom to choose how they pay, and the flexibility of paying from any location. Moreover, you don't need to wait for the client to manually deliver cash or a check.
- **Flexible options:** Increase the number of clients you serve by offering flexible payment options. For example, CPACHarge offers both scheduled Ppayments as well as accounting fee funding.
- **Website payment integration:** Integrate payment features directly into your website to bolster confidence and create a frictionless path for clients to pay. With CPACHarge, clients can access information, communicate with you, and submit payments from one starting point.

## 4. INVEST IN PROFESSIONAL DEVELOPMENT

Stay ahead of industry trends and continuously upgrade your skills to remain competitive. Here are a few ways to invest in professional development:

- **Continuing education:** Encourage accountants within your practice to pursue continuing education courses and certifications, and attend relevant seminars or conferences.
- **Technology Training:** Empower your team by providing training on new technologies and software relevant to the accounting industry.
- **Mentorship and collaboration:** Foster a culture of mentorship and collaboration within your practice by encouraging experienced accountants to mentor junior staff and facilitate knowledge sharing.

As the accounting profession continues to evolve, it is imperative to modernize your accounting practice in order to bolster cash flow year-round by embracing tech solutions. ■

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# Your *recipe* for a winning culture

To help address talent and workload challenges, the VSCPA released the VSCPA Recruitment Guide in the spring. The second half, the VSCPA Retention Guide, will be available this summer. Below is an excerpt of what you'll find in the guide. Both will be available to members only at <https://www.vscpa.com/capacity>.

*Workplace culture will* be different at every organization; how boring if it weren't! But cooking up the best version of your culture requires combining different ingredients that resonate with your employees *right now*. Focus on some of these areas to find your winning combination:

## MISSION

When's the last time you reviewed your company's mission and vision? If it's been a while, it's time to take a look. A Ladders survey found that mission, rather than pay, matters most to 67% of workers. Employees want to their work to matter, and it's up to management to ensure that a.) the mission accurately reflects the organization's work, and b.) everyone is working for goals beyond just profit.

## VALUES

If you don't have detailed core values determined by and for your employees, it's a great time to start. "Values are the backbone of a strong company culture," writes Kate Heinz at BuiltIn.com. "When done correctly, core values guide business decisions, give purpose to your mission statement, and inform how employees interact with each other."

Start with surveying employees on what they value most, and then enlist key employees, HR, and other stakeholders to develop a list. Once it's agreed upon and employees have provided feedback, periodically review your value list to see if it needs revising. Make values a key part of onboarding for new employees, demonstrating that you expect them to live and model your company's core tenets.

## GOALS

Once you have clearly a clearly defined mission and values, make sure employees are all working toward the same end point. Organizational and individual goals will help everyone feel they are all "in it together"; that each person's job responsibilities fulfill a greater good. Make sure you also implement an evaluation process on goal progress throughout the year.

## CONNECTION

Employees with strong connections — to a company's mission, their coworkers, their job duties, etc. — are happier and easier to retain.

What are you doing to foster strong connections to your company's purpose? If you're in a remote or hybrid environment, are your managers connected often and deeply with their staff? What do you need to do as a leader to ensure connections and bond are strong?

This may look like ensuring all staff know how their day-to-day duties roll up to support the organization's overall mission. After all, if you do you really want to work somewhere that you don't feel impactful or valuable? Upper management needs to be approachable and vulnerable by making strong connections in all avenues of the workplace.

## TRANSPARENCY

You can't have trust without transparency. According to Forbes, 71% of employees feel managers don't spend enough time explaining goals, and 50% of those cite a lack of company-wide transparency. Secrecy (even if it's only the *perception* of secrecy) can doom any cultural inroads you've made. Commit to developing a transparent tone at the top. Ensure your career development paths are obvious and attainable. A radical transparency choice could include making all salaries publicly available. Ask your employees what transparency they would like to see, and how it could improve morale.

## COLLABORATION

You won't find the recipe to a great culture with top leaders sitting around a boardroom table trying to define it. All stakeholders, from leadership to middle management and beyond, need to be involved. Employ focus groups, craft surveys, set aside time to discuss culture during staff meetings — whatever it takes. That's where you'll find what staff truly value, like connection, diversity and innovation.

## WORK ETHIC

Your organization's culture will be directly tied to the work ethic modeled and reward by management. If employees feel they must be available on days off or on weekends, that expectation is an element of your culture. If every employee is expected to take a two-week-long vacation a year with zero work responsibilities, that is also a reflection of your culture. What you want your organization's work ethic to look like should be developed by the employees and modeled by leadership. With quiet quitting on the rise, the answer should reflect some sort of balance. ■

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Beth M. Schwartz,  
Ph.D.

## MENTAL *health* MATTERS

Why and how leaders can promote and foster psychological capital in the workplace through hope, efficacy, resilience and optimism.



Dennis P. Stolle,  
Ph.D., JD

A CPA's work is inherently stressful. Success depends not only on the knowledge and skills necessary to perform the job, but on the availability of psychological resources. Managing stress is an essential skill for CPAs.<sup>1</sup>

This is true throughout the year but is critical for public accountants during the busy tax season, with prolonged workweeks, persistent stress and tight deadlines. The work environment necessitates that CPA firms help employees manage stress and it means they must consider a different type of capital: psychological capital.<sup>2</sup>

The business world is familiar with financial capital, human capital and social capital. Where does psychological capital fit in to the equation?

Given the inherent stress of the profession, and the relationship between the ability to manage stress and success, professional service firms need to consider what resources to provide to their professionals. Innovative firms have already increased focus on this issue. In response to the pandemic, many firms have begun to do more to address personal and psychological resilience among their accountants.<sup>3</sup> This has included encouraging accountants to address stress and burnout through compassion and caring for their well-being and mental health.<sup>4</sup>

The concept of psychological capital; however, provides a more holistic approach that incorporates resilience as just one of four components necessary for building a reserve of psychological well-being that can be drawn upon in difficult times.<sup>5</sup>

## WHAT IS PSYCHOLOGICAL CAPITAL?

Introduced in the scientific study of organizational management, psychological capital is defined as a worker's mental resources and positive psychological state of growth and development, which facilitates the capacity to overcome challenges and achieve goals.<sup>6</sup>

Psychological science has identified four components of psychological capital: hope, efficacy, resilience, and optimism, represented by the acronym "HERO." An individual's psychological capital is composed of the abilities to create goal-focused strategies (hope), manage the tasks on one's plate related to goals (efficacy), continue to venture forward even when faced with adversity (resilience), and sustain a positive outlook (optimism).

When a business or organization increases psychological capital in the workplace, it helps workers overcome obstacles, lowers stress, improves job satisfaction, and improves workers' overall performance, well-being, and career success.<sup>7</sup> Psychological capital also contributes to factors such as reductions in burnout<sup>7</sup> and ultimately stress, and turnover.<sup>8</sup>

Assessment of psychological capital is possible at both the individual and organizational levels.<sup>9</sup> If training is provided to employees on how to develop their own levels of hope, efficacy, resilience and optimism, then employees can build a reserve of psychological capital. That reserve is needed most when challenging situations arise.

If that reserve is depleted and an individual is psychologically exhausted, it is more likely that a state of crisis will result. At the organizational level, when a reserve of psychological capital exists, workers are committed to help overcome the challenges at hand, and as a result the whole organization can better withstand times of crisis.

In recent years due to a change in work conditions and environments, many employees began to ask themselves if or how their current employer supports their overall well-being.

During this time, employers saw evidence of workers rethinking their careers, their work conditions, and their career goals, leading many in the workforce to consider new opportunities — with some deciding to resign from their jobs even before finding new employment. Essentially, workers were asking if their employers were supporting their well-being, and when the answer to that question was "no," workers were seeking alternative opportunities.

## STRIVE FOR MENTAL HEALTH EXCELLENCE

If your organization is ready to make an obvious commitment to normalize mental health in the workplace, consider participating in the "Striving for Mental Health Excellence in the Workplace" initiative from the American Psychological Association. Check out <https://www.apa.org/topics/healthy-workplaces/mental-health> for resources on taking the pledge, training your staff, reexamining health insurance policies and more.

## HOW EMPLOYERS CAN HELP

The key is to keep in mind the four components of HERO described below.<sup>10</sup> Success is dependent on the presence of all four components, which results in more than the sum of the parts.<sup>6</sup>

- **Hope** is the ability to see a potential path forward. That path may not be easy to follow, but if you see at least one plausible path forward, you have hope. But hope alone is not enough.
- **Efficacy** is short for the term self-efficacy. Psychological science defines it as the sense of confidence in one's ability to put forth effort and successfully achieve one's goal.
- **Resilience** is one's capacity to bounce back. Having psychological resilience in the face of a stressful or challenging situation allows one to bounce back to where they were before the stress, or perhaps lead to an even stronger state of mind. When faced with emotional or psychological stressors such as uncertainty, trauma, loss, professional setback, or tragedy for example, resilience refers to the process of coping with the circumstances and successfully adapting to the situation. Resilience is often dependent on mental, emotional and behavioral flexibility.
- **Optimism** is the general tendency to expect good things in the future. This is the sense that even when faced with a difficult path, one ►

believes everything will most likely work out fine in the end. This positive outcome is believed possible even when one understands that additional potential challenges are likely, and that all things will not necessarily go as planned.

When psychological capital is developed, a buffer is created against future stress. And, as a result the availability of greater psychological capital, an organization experiences an overall improvement of workplace culture, a lower rate of burnout, improved psychological well-being, enhanced performance, and an increase of innovative approaches.

## HOW TO FOSTER PSYCHOLOGICAL CAPITAL IN AN ACCOUNTING FIRM

Through strategic business planning, professional service firms can prioritize psychological capital, just as all other types of capital are considered and prioritized. There are several best practices that can be considered when an organization wants to increase psychological capital: recognizing, modeling and training.

**Recognizing** is perhaps the simplest tactic and is a necessary first step. For a firm to begin working on increasing psychological capital, the people within the firm need to understand what psychological capital is. This includes educating members of the firm about the definition of psychological capital. But it also involves providing examples to ensure that they understand that psychological capital is a valid concept supported by scientific literature that actually can be measured at the individual and organizational levels. And inspiring enthusiasm for psychological capital involves providing examples of how it can positively impact individual and firm success.

**Modeling**, as the term implies, refers to the leaders in an organization illustrating high levels of psychological capital. We know from psychological science that team leaders' psychological capital can have a positive influence on their team members' psychological capital. Researchers have also observed that when team leaders have a deep reserve of psychological capital, they tend to be more active and energetic, and they show a stronger will to search for solutions to problems.

When leaders, such as partners and managers, show high levels of psychological capital, they also tend to be more active in cultivating mutual trust and loyalty with other team members. This leads to a high-quality exchange of information and ideas. As a result, the psychological capital of other team members gradually increases due to the improved social interaction between team leaders and team members.

**Training** in the workplace has also proven to be effective at increasing psychological capital. In the organizational and psychological science literature, these training programs are focused on positive opportunities to improve one's performance and well-being rather than addressing deficiencies or dysfunctions.

## CONTINUE LEARNING

- **Resource center** — Mental Health & Wellness Resources center: <https://www.vscpa.com/wellness>
- **Recorded webinar** — "Creating a mentally healthy work culture": [tinyurl.com/MentallyHealthyWebinar](https://tinyurl.com/MentallyHealthyWebinar)
- **Article** — "A holistic approach to employee wellness": [vscpa.com/article/case-study-holistic-approach-employee-wellness](https://vscpa.com/article/case-study-holistic-approach-employee-wellness)
- **Website** — Center for Workplace Mental Health: <https://workplacementalhealth.org>

This is important to keep in mind given that, at times, this type of training is referred to as an intervention, which conjures up thoughts of bringing an individual to a group meeting to help with a significant problem. We are not referring to that type of "intervention."

Rather, the goal of psychological capital training is to allow strong performers to become even stronger and higher performing. The training, often organized around the four HERO components, comes in all shapes and sizes, ranging from one-day sessions to multiple sessions presented over months. Similar to other types of corporate training, psychological capital training can take the form of video presentations, interactive quizzes, lecture presentations, group discussions, or individual coaching sessions.

The benefits of prioritizing psychological capital for both an individual accountant and for an accounting firm require time, effort and resources. In the end, however, patience and persistence can result in significant long-term benefits that likely far outweigh the costs. For long-term success, managing partners and leaders in the profession should recognize the value of psychological capital and prioritize it alongside the more widely recognized forms of capital in the world of CPAs. ■

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<sup>8</sup> Avey, J. B., Reichard, R. J., Luthans, F., & Mhatre, K. H. (2011). Meta-analysis of the impact of positive psychological capital on employee attitudes, behaviors, and performance. *Human resource development quarterly*, 22(2), 127-152.

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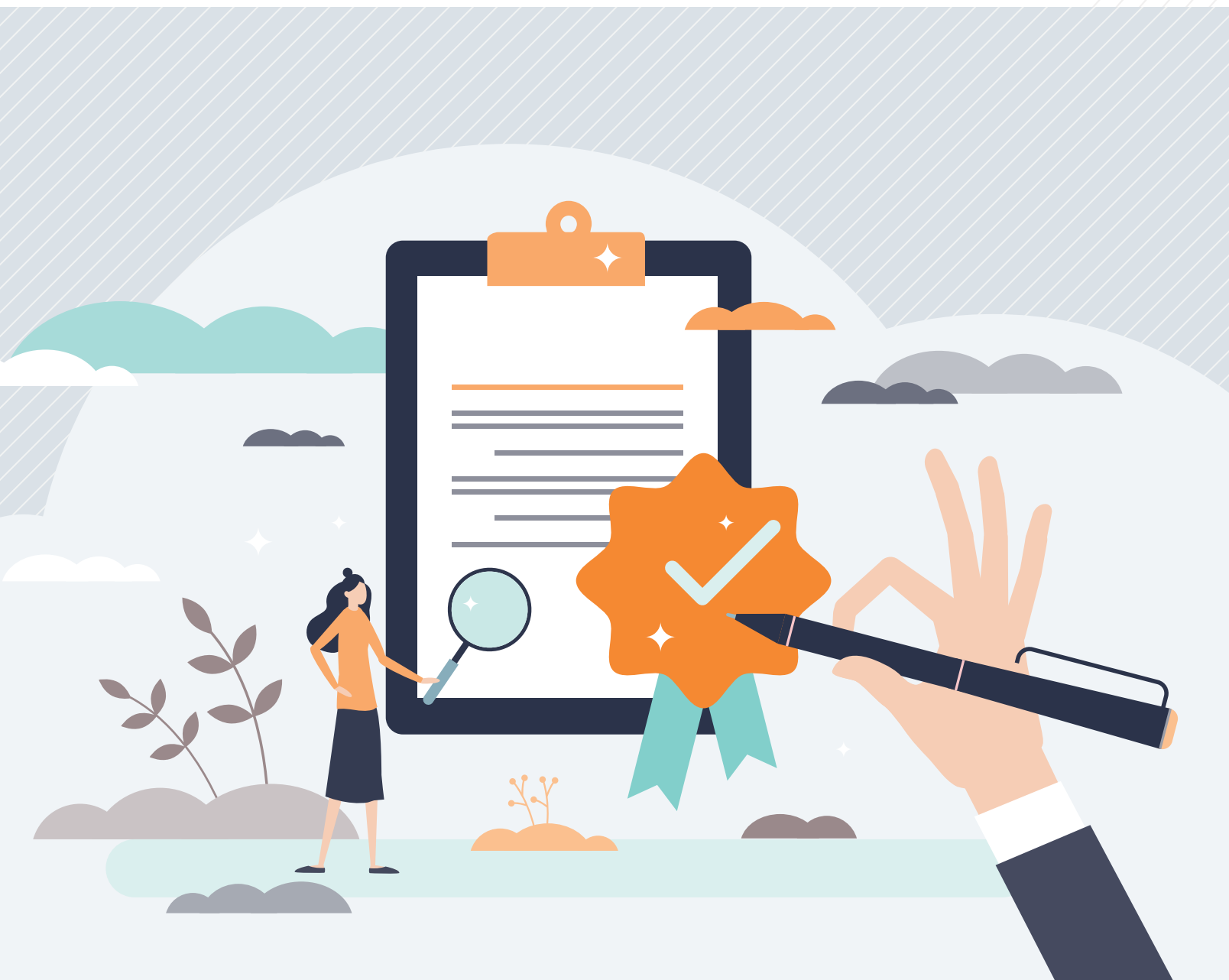
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# WHAT'S *the* RISK?

Updated quality management standards promote a risk-based approach to planning and performing group audits.





Natalya Yashina,  
CPA, DASM



Diane Walker, CPA

*Maintaining high audit quality* is crucial for ensuring public trust in financial reporting, and it involves more than just external audit procedures. CPA firms must comply with a set of quality control standards to ensure the elements of a system of quality control are in place to meet professional standards.

The current standards, particularly those related to technology and business environments, haven't been updated since 2006. In June 2022, the AICPA Auditing Standards Board (ASB) and Review Services Committee issued quality management standards that apply to firms performing engagements in accordance with the SASs, SSARSs and SSAEs. In addition to updating the standards for advances in technology and business environments, the new standards replace the current "one size fits all" model that addresses potential issues with quality, consistency, leadership and governance. The new standards may require significant multi-year efforts to implement. While there is time before they become effective, it's important not to delay implementation.

The standards include:

- **Statement on Quality Management Standards (SQMS) No.1:** Addresses the system of quality management and deals with a firm's responsibility to design, implement, and operate a system of quality management for its accounting and auditing practice. The standard supersedes Statement on Quality Control (SQCS) No. 8, A Firm's System of Quality Control. In addition, SQMS No.1 requires the systems of quality management be designed and implemented in compliance with the standard by Dec. 15, 2025, and to be evaluated within one year following Dec. 15, 2025.
- **Statement on Quality Management Standards No.2:** Deals with engagement quality reviews and affects audits or reviews of financial statements and other engagements in the accounting and auditing practice. SQMS 2 is effective for audits or reviews of financial statements for periods beginning on or after Dec. 15, 2025, and other engagements in the firm's

accounting and auditing practice beginning on or after Dec. 15, 2025.

- **Statement on Auditing Standards (SAS) No.146, Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards:** Addresses the auditor's specific responsibilities in regard to quality management at the engagement level for a financial statement audit and the related responsibilities of the engagement partner. SAS 146 is effective for engagements conducted in accordance with Generally Accepted Auditing Standards (GAAS) for periods beginning on or after Dec. 15, 2025.
- **Statement on Standards for Accounting and Review Services (SSARS) No.26, Quality Management for an Engagement Conducted in Accordance with Statements on Standards for Accounting and Review Services:** Focuses on standards at the engagement level for accounting and review services and the related responsibilities of the engagement partner. SSARS 26 is effective for engagements performed in accordance with the SSARS for periods ending on or after Dec. 15, 2025.

In March 2023, the ASB issued SQMS No.3, Amendments to QM Sections 10, A Firm's System of Quality Management, and 20, Engagement Quality Reviews, as well as SAS No. 149, Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors). The amendments to QM 10 and 20 conform certain language terms to language used in SAS 149. SAS 149 requires a risk-based approach to planning and performing a group audit, and the group auditor must use their professional judgement in determining over which components further audit procedures need to be performed, based on assessed risks.

SAS 149 is effective for periods ending on or after Dec. 15, 2026, and SQMS No. 3 is effective concurrently with the effective dates provided in QM sections 10 and 20. ►

## WHAT'S NEW?

The biggest change is a new risk-based approach to quality management, which means the system of quality management should be adaptable to changes in the firm and its engagements. The components of the system have also been revised, with two new components added. There are eight components the system should address:

1. The firm's risk assessment process
2. Governance and leadership
3. Relevant ethical requirements
4. Acceptance and continuance of client relationships and specific engagements
5. Engagement performance
6. Resources
7. Information and communication
8. The monitoring and remediation process

To implement a risk-based approach, firms should follow a three-step process and 1) establish quality objectives, 2) identify and assess risks that may hinder their achievement, and 3) design and implement appropriate responses to address the quality risks. The reality is that firms are now required to perform a gap analysis on their systems of quality, similar to the process used to assess compliance of internal controls under the COSO Framework.

Other key changes include increased requirements for governance and leadership, enhanced monitoring and remediation processes, and new requirements for networks and service providers.

Here are some of these key changes in more detail.

## Information and communication

The information and communication component of the new system of quality management has no equivalent in prior quality standards. This new component emphasizes the importance of establishing information and communication processes that support the system of quality management. The focus here is on the flow of information and communication which is linked to the firm's culture, and internal and external communication. The firm's information system needs to include relevant and reliable information that is accurate, complete, timely, and valid and which supports the system of quality management.

## Governance and leadership

The standards contain more robust requirements for governance and leadership in setting the tone at the top, including appropriate qualifications and accountability. Quality should be a key consideration in the firm's strategic decisions and actions, such as financial and operational priorities.

## Monitoring and remediation

An enhanced monitoring and remediation process emphasizes identification and remediation of issues on a timely basis. There is more transparency in what is required to be considered in determining the nature, timing, and extent of the monitoring activities. The standard also introduces the new term "findings," which can be accumulated from monitoring or other activities or relevant sources, i.e., external inspections. The firms are required to evaluate these findings and determine whether deficiencies exist. The establishment of policies and procedures for monitoring activities is important, including the qualifications of those who perform such activities. These individuals should be competent, objective, and have enough time to

## CONTINUE LEARNING

- **Downloads** — AICPA & CIMA Audit & Assurance: [aicpa-cima.com/topic/audit-assurance/quality-management](https://aicpa-cima.com/topic/audit-assurance/quality-management)
- **Article** — "3 quick ways to boost audit quality": [vscpa.com/article/3-quick-ways-boost-audit-quality](https://vscpa.com/article/3-quick-ways-boost-audit-quality)
- **VSCPA comment letter** — "Letter to AICPA ASB on quality management standards": [vscpa.com/letter-aicpa-asb-on-quality-management-standards](https://vscpa.com/letter-aicpa-asb-on-quality-management-standards)

complete their tasks. Identifying deficiencies and designing remedial actions should involve evaluating severity and pervasiveness through root cause analysis.

There are many resources offered by the AICPA to assist with the implementation of the new quality management standards. The first step: Review and understand the standards and develop a timeline for implementation. Use the AICPA tool, “Quality Management Standards: What’s Changing and What You Should Be Doing Now,” which includes examples of timelines and a detailed comparison of differences between QS section 10 and the current quality control standards. You can find that tool at <https://www.aicpa-cima.com>.

Though there is still time before the standards become effective, the extended implementation period is there for a reason! The updated standards will be a big change for some firms and may require additional time and resources to address identified gaps, findings and deficiencies, and ensure compliance with the deadline. ■

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# CANNABIS IN THE COMMONWEALTH: *An update*

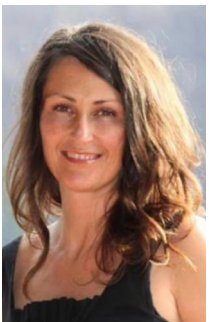
CPAs across the country are serving new clients in the cannabis industry. Recent legislative decisions leave stakeholders in Virginia confused.



M. Tyson Daniel,  
Esq.



Evan Pease, Esq.



Kimberly C. Haugh,  
Esq.

*Despite decades of* stigma, the cannabis industry has become a prominent fixture on the world stage. Hemp and medical cannabis have become important global commodities. From budding underground shops and grassroots startups to large corporate multi-state operators (MSO), canna-centric businesses are making headlines as they open new verticals daily.

In short, the business of cannabis is on fire. This is appropriately confusing — state and federal law are often in hopeless conflict. Like every new industry, regulation is inevitable and, as with any product intended for human use, appropriate for consumer safety. It remains to be seen, however, if the industry can avoid the type of regulatory capture that prohibits free market competition via huge application fees and compliance with regulatory morass that limit meaningful opportunities for small businesses to participate.

A plethora of new laws and regulations have been proposed, rejected and passed within the past several years. As lawmakers slog — often blindly with little-to-no understanding of the subject matter— it's no wonder that observers and stakeholders are confused.

### DEFINING CANNABIS

To understand the various industries within “cannabis,” one question is: “What exactly *is* cannabis?” Understanding the cannabis plant is critical to framing sensible legislation. Cannabis has several genuses — namely, *cannabis sativa*, *cannabis indica* and *cannabis ruderalis*. Considering the various “genetics” of cannabis, one must remember that the type of plant being grown (i.e., “the cultivar”) is relevant to the purpose for which it will be used.

As such, a plant grown for rope (often described as “hemp”) is simply a cultivar that has been bred to grow tall with a thick fibrous stalk, have as few “flowers” (a.k.a. “buds”) as possible, and, to the extent there are “flowers,” contain low percentages of tetrahydrocannabinol (THC). Conversely, a plant grown for medical or recreational use (a.k.a. “marijuana”) comes from a cultivar bred to yield a high percentage of cannabinoids, such as Delta 9 THC, and which are contained in the “flower” and are harvested and used for human and animal consumption.

Simply put, “hemp” (defined by 7 USC 1639(o)) and “marijuana” (as defined in Virginia by 18.2-247)

are legal fictions. Yet, they are constructs that shape discussions about the sale and regulation of a plant that is simply grown with different genetics and are bred to yield crops for very different purposes. This is important for service professionals to recognize because the societal — and, hence, legislative — interest in “public safety” engenders a very different regulatory analysis for psychoactive cannabis while the same is not true for non-psychoactive, “industrial” cannabis.

### CANNABIS LEGALESE

Cannabis with high THC levels is cultivated and harvested to harness its medicinal and psychoactive effects, while hemp has historically been considered “rope, not dope.” When couched in these terms, it's easier to understand why “marijuana” remains federally illegal while hemp is legal.

One remedy that some have proposed is a “One Plant One Rule” policy, which would legalize cannabis and then provide reasonable and appropriate regulation based on the purposes for which the harvested crop will be used.

For now, though, the rules and regulations are confusing. Some historical context is helpful:

- Marijuana, *cannabis sativa* L with a concentration of 0.3% or > Delta-9 THC on a dry weight basis, was made illegal at the federal level in 1970.
- Marijuana remains a Schedule I drug under federal law.
- Hemp is currently federally legal under the Agriculture Improvement Act of 2018 (also known as the 2018 Farm Bill), provided that the hemp contains no more than 0.3% Delta-9 THC on a dry weight basis. This provision is regulated and enforced by several federal entities, including the U.S. Department of Justice, U.S. Justice Department of Drug Enforcement Administration, U.S. Federal Trade Commission, U.S. Department of Agriculture, and U.S. Food and Drug Administration.

### CANNABIS IN THE COMMONWEALTH

In Virginia, lawmakers have made several attempts to regulate cannabis. To address the issues of ►

medicinal uses for cannabis products, Virginia enacted a provision in 2015 allowing a diagnosis of intractable epilepsy to be used as an affirmative defense against the prosecution of cannabis possession charges. Additionally, the 2015 provisions authorized a licensed M.D. or D.O. to prescribe cannabidiol (CBD) oil or THC-A oil for treatment related to children with the same epileptic condition.

In 2017, the Chapter 613 Acts of Assembly expanded the availability of CBD and THC-A oil to adults who were diagnosed with intractable epilepsy. The practitioners licensed to provide a prescription for these products remained limited to doctors and doctors of osteopathic medicine; however, the Board of Pharmacy was also authorized to issue permits for medical marijuana operators (a.k.a. “pharmaceutical processors”) to legally produce THC oil for the purpose of treating intractable epilepsy. The permits were limited to one per each of the five Health Service Areas in the Commonwealth.

In 2018, Virginia expanded the prior “intractable epilepsy” language and replaced it with “diagnosed condition or disease” and the General Assembly allowed hemp growers and processors to legally register with the Virginia Department of Agriculture and Consumer Services for a \$50 fee.

Virginia further expanded the law in 2019 to allow for the legal use of medical cannabis with the Chapter 681 and 690 Acts of Assembly. As enacted, that legislation authorized the delivery of medical cannabis to a “registered agent” and authorized the production, use and sale of full therapeutic strength THC products that did not contain more than 10 milligrams of THC. Additionally, nurse practitioners and physician assistants were authorized to issue certificates for cannabis.

By 2020, the General Assembly made possession of small amounts of marijuana without a medical authorization punishable as a \$25 civil offense rather than a misdemeanor criminal charge. Contemporaneously, law enforcement was also prohibited from stopping, searching and seizing an individual merely because they detected the odor of marijuana about their person.

Regulated, legal cannabis use in Virginia saw its biggest change in 2021 with the enactment of the Chapter 205 and Chapter 227 Acts of Assembly. These Acts allowed for legal possession of up to one ounce of cannabis on one’s person as well as the possession and cultivation of four cannabis plants per person per household — provided the grower in question was 21 or older.

The retail sale of cannabis was tentatively set to begin in 2024 by these Acts if this specific provision was re-enacted by the 2022 legislative meeting. “Pharmaceutical processors” with dispensing locations for medical marijuana also gained the authorization to provide botanical cannabis products. “Designated care giver facilities” were also authorized to receive medical cannabis deliveries during this time.

## A STALLING LEGAL MARKET IN VIRGINIA

Despite high hopes for industry stakeholders, 2022 brought a stifling effect on legal cannabis business in Virginia when the underlying framework for the adult use market was not re-enacted during the 2022 session. Indeed, there was an attempt to further regulate advertising and THC limits via Senate Bill 591, which failed, and was just about the only victory for legalization advocates that session.

During the latest 2023 legislative session, multiple categories of bills related to the cannabis industry which were proposed and considered. They included bills concerning adult-use retail cannabis, consumer safety, criminal penalties, and medicinal aspects of cannabis use.

The least successful of these bills pertained to the adult use of cannabis and cannabis products. H.B. 1464, if passed, would have authorized medical dispensaries to distribute cannabis products to any adult regardless of whether they had obtained the proper medical certification. H.B. 1750 would have provided for a framework and timeline allowing retail markets and the legal sale of cannabis to begin on Jan. 1, 2025. While, on the other hand, S.B. 1133 would have authorized existing medical dispensaries to begin retail sales of cannabis on July 1, 2023, as well as the authorized issuance of retail licenses beginning in 2024. Both bills failed.

In contrast, several bills concerning consumer safety of cannabis products were successful. H.B. 2428 (and its counterpart S.B. 1233) passed with language placing restrictions on advertising, similar to those applied towards alcohol use. These bills prevent advertising of cannabis products that targets minors, and restrict advertisements placed near schools, referencing the intoxicating effects of cannabis, and from promoting the overconsumption of cannabis products.

Despite strong opposition from the small business community, H.B. 2294 (S.B. 903) also passed and was signed into law. These bills increased regulations on hemp-derived extracts and products made with those extracts. The negative impact is now being felt by hemp retailers and growers, since the legislation took effect July 1, 2023. Additionally, a permit is now required to sell food products, or “edibles,” containing hemp extracts.

Further, several bills related to medical cannabis passed this past session. One notable change involves shifting the oversight and administration of the medical cannabis program from the Board of Pharmacy to the Virginia Cannabis Control Authority (CCA) beginning Jan. 1, 2024. H.B. 1846 (S.B. 1337) also permits medical practitioners to issue medicinal use certificates via telehealth or telemedicine, provided the patient was on the premises of a dispensing facility. The bills also eliminated the previous requirement mandating that medical cannabis providers be registered with the Board of Pharmacy. New label requirements, a framework for product registration through the

Board of Pharmacy/CCA, and the express prohibition of “quid pro quo” arrangements between medical cannabis providers and cannabis processors were also enacted.

The 2023 bills pertaining to the retail, growth and production of hemp-derived cannabinoids are some of the most problematic for current non-medical “hemp product” retailers. Rather than attempting to establish a distinction between recreationally popular cannabinoids and other non-psychoactive cannabinoids, the new regulations effective on July 1, 2023, allow regulation of all forms of cannabinoids. This broad, sweeping approach — relying on what seems to be a tortured definition of “synthesis” — will likely cost small retailers millions of dollars in unsellable inventory and lost revenue even though many of the products are used for therapeutic purposes and have been demonstrated to be safe.

## TAXATION HEADACHES

Another point of interest, and controversy, is 26 U.S. Code § 280E. This provision of the Internal Revenue Code disallows businesses from deducting expenses from their gross income if the expenses consist of or derive from the trafficking of “controlled substances” as defined by federal law. Since cannabis is still considered a Schedule I drug at the federal level, cannabis entrepreneurs have endured massive amounts of non-deductible expenses resulting in huge amounts of money owed to the IRS every year. However, section 199A may provide for deductions relevant to W-2 wages paid to employers of cannabis companies.

Virginia attempted to address the issue of cannabis taxation with S.B. 1095. The failed bill would have provided for an exception to 280E by allowing for tax deductions related to ordinary and necessary expenditures made in connection with carrying on a trade or business licensed in Virginia to deal in medical cannabis. While the bill failed to pass, its mere consideration strikes a positive note by showing that productive changes are being proposed and considered. Hopefully, this is a harbinger of further progress recognizing the cannabis industry in Virginia as a legitimate market.

## WHERE DOES THIS LEAVE CPAs?

Given the consistently increasing presence of cannabis in business, coupled with the enormous revenue it will bring to government coffers, service professionals should anticipate frequent changes in rules and regulations. While it is unknown when cannabis will be “legal across the board” to buy and sell, progress is being made daily. ■

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*Tyson Daniel, Esq., is the founder and driving force behind the Virginia Cannabis Lawyers PLLC and the Daniel Law Firm, PC. Tyson’s legal experience runs the gamut from cannabis to contracts and from civil and criminal litigation to international trade. Tyson uses his legal acumen, his personal business experience, and his industry knowledge to guide clients through regulatory labyrinths into the safety of compliance.*

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<sup>1</sup> The authors of this article are not biologists, and the purpose is to offer a general understanding of the cannabis plant as it relates to current legislation.

## CONTINUE LEARNING

- **CPE webinar** — Handling Cannabis Tax Examination 2023, Sept. 26: [vscpa.com/events/webinar/handling-cannabis-tax-examination-2023](https://vscpa.com/events/webinar/handling-cannabis-tax-examination-2023)
- **CPE webinar** — Federal Income Taxation of Cannabis Businesses 2023, Nov. 6 and Jan. 30, 2024: [vscpa.com/events/webinar/federal-income-taxation-cannabis-businesses-2023-0](https://vscpa.com/events/webinar/federal-income-taxation-cannabis-businesses-2023-0)
- **Article** — “Illicit to essential: Cannabis in a post-COVID-19 world”: <https://www.vscpa.com/cannabis-after-covid>
- **Article** — “Top 5 myths about serving the marijuana market”: [vscpa.com/article/top-5-myths-about-serving-marijuana-market](https://vscpa.com/article/top-5-myths-about-serving-marijuana-market)



# CONTEMPLATING *outsourcing*?

## Do your due diligence

As CPA firms face capacity challenges, outsourcing and offshoring are becoming viable alternatives.



Suzanne M. Holl

*Outsourcing is a* popular topic right now for the profession as CPA firms struggle with staffing constraints. Current challenges associated with firms attracting and retaining talent are expansive and include issues like staffing qualified professionals for complex engagements, employee burnout, unrealistic and “heavy” workloads, and limitations on the ability to maintain and foster high-touch client relationships.

As firms evaluate options to get work done efficiently and effectively with limited resources, more firms are considering outsourcing.

Here are two primary outsourcing scenarios:

- **Onshore outsourcing:** Work is outsourced domestically to a third-party service provider and work is not disclosed in any manner outside U.S. borders.
- **Offshore outsourcing:** Work is outsourced to individuals or companies outside U.S. borders. This would include the use of an onshore company that utilizes offshore employees. Note: A firm may also choose to establish a firm office abroad in lieu of using a third-party service provider.

When considering the efficacy and viability of outsourcing, due diligence is a critical first step. Not all outsourcing entities are created equal. For example, CPAs are responsible for protecting their clients’ data and need to ensure that the third party has appropriate security protocols and safeguards in place (whether using remote or in-office personnel) to protect confidential information against external and internal risks.

As part of a firm’s due diligence process, firms need to assess the adequacy and reasonableness of the entity’s administrative, physical and network security measures to prevent breaches. This includes (but is not limited to) determining whether the entity’s safeguards are reasonable to prevent the potential misuse or unauthorized disclosure of confidential information (e.g., inappropriately accessing, using, downloading, printing, scanning, or copying client information) to comply with applicable data and privacy laws, professional standards, and their contractual terms. There should be explicit written terms in any contractual agreement with the third party that confirms the responsibility of the outsource entity to maintain the security and confidentiality of client information.

CAMICO strongly encourages CPAs to review proposed outsource agreements to understand the implications of the agreement’s legalese to make an informed assessment of terms and conditions that may place undue burden or unacceptable liability exposure on your firm. Make sure you are comfortable with the agreement — and the expectations created — before signing the contract. Be willing to reject outsourcing options if you are unable to negotiate terms and mitigate risks to your satisfaction.

### RISK MANAGEMENT CONSIDERATIONS

Firms should address these important risk management considerations when evaluating the viability of outsourcing options:

- **Security issues:** Consider the added security exposures associated with outsourcing and ►

assess whether the firm's existing infrastructure is sufficient or requires enhancement. Speak with your IT team and external IT consultants to ensure the firm has appropriate safeguards to minimize potential for added cyber risks/exposures.

- **Compliance and regulation:** Identify the rules and regulations applicable to your outsourcing option (offshoring or onshoring) given the anticipated services (e.g., tax, audit, CAS, etc.). This is a critical step to ensure the firm understands and is willing and able to meet the legal, professional and regulatory standards of the relationship.
- **Client implications:** Determine which clients will be affected and assess how they could react to such a relationship. Do potential reputational issues exist that need to be considered? Would the client be receptive to higher fees if they are unwilling to allow the firm to outsource?
- **Processes:** Identify processes, documentation, dependencies and training required to ensure a successful outsourcing solution.
- **Insurance:** Before entering into an outsourcing arrangement, contact CAMICO and your other applicable insurance carriers to assess potential coverage implications.

### RULES AND REGULATIONS

CPAs must consider certain rules and regulations when entering into certain arrangements.

#### AICPA Code of Conduct

To comply with AICPA rules (see ET sections 1.150, 1.300 and 1.700, et seq.), CPAs using third-party service providers reach

agreements with the providers containing contractual terms to ensure confidentiality of their clients' records.

Further, AICPA ethics rules state members are responsible for all work outsourced to third-party service providers. As part of the firm's overall responsibility to ensure that all professional services are performed with professional competence and due professional care, firms must supervise these professional services. The firm is responsible for the accuracy and completeness of the services delivered by the providers.

#### IRS

In general, under Internal Revenue Code §7216 (IRC §7216) and Treas. Reg. section 301.7216-3, tax return preparers are required to obtain written consents from taxpayers for the disclosure or use of their tax return information.

It is important to note that the IRS has special rules for disclosing tax return information outside the United States under IRC §7216 regulations and the regulations thereunder, which protect disclosures of any income tax return information.

The IRS has FAQs on its website to help tax practitioners understand and apply §7216. See [irs.gov/tax-professionals/section-7216-frequently-asked-questions](https://www.irs.gov/tax-professionals/section-7216-frequently-asked-questions).

Keep in mind: IRC §7216 is a federal criminal provision. If a firm is investigated by the IRS for failing to follow applicable §7216 disclosure and consent requirements, it will likely be considered a criminal matter. Therefore, it is extremely important for a firm to understand and address IRC §7216 implications when modifying the firm's policies and procedures for outsourcing tax services.

#### Federal Trade Commission (FTC) / Gramm Leach Bliley Act (GLBA)

FTC rules require providers of financial services or financial institutions (e.g., CPAs) to oversee third-party providers' use of information and to ensure compliance with the GLBA. Under these rules, CPAs must oversee third-party providers by:

- Taking reasonable steps to select and retain providers that can maintain appropriate safeguards for individual client information.
- Having contractual agreements with providers mandating they implement and maintain appropriate safeguards.

#### State Boards of Accountancy

CPAs should consult with their respective state boards of accountancy to determine applicable client disclosure requirements. For example, there may be states (California) that

### CONTINUE LEARNING

- **Guide** — VSCPA Recruitment Guide (sections on offshoring and outsourcing): Download from <https://www.vscpa.com/capacity>.
- **Article** — CAMICO offshoring FAQs: [vscpa.com/article/offshoring-risk-management](https://www.vscpa.com/article/offshoring-risk-management)
- **Article** — "Classify new hires right": [vscpa.com/article/classify-new-hires-right](https://www.vscpa.com/article/classify-new-hires-right)
- **Recorded roundtable** — "Intro to offshoring for accounting teams": [tinyurl.com/VSCPAOffshoringRoundtable](https://tinyurl.com/VSCPAOffshoringRoundtable)

prohibit outsourcing without the client's written permission and require written disclosure and client permission when the outsourcing is outside the United States.

### Other regulations

Firms may have in place non-disclosure/confidentiality agreements with existing clients that may need to be reviewed to ensure the firm does not breach any contractual terms of those agreements.

Based on the specific industries and/or services the firm specializes in, there may be other regulatory bodies (e.g., SEC, DOL, etc.) that have disclosure and consent guidance that should be reviewed for compliance.

CAMICO has various risk management resources to guide you in your risk assessment as you investigate the appropriate professional and regulatory requirements. CAMICO policyholders with questions regarding this communication or other risk management questions should contact the Loss Prevention department at [lp@camico.com](mailto:lp@camico.com) or call the advice hotline at (800) 652-1772 and ask to speak with a loss prevention specialist. ■

*Suzanne M. Holl, CPA, is senior vice president of loss prevention services with CAMICO, the VSCPA's preferred insurance provider. She leads the risk management function of CAMICO and provides advice and resources important to CPAs and how they continue to practice.*

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🌐 [camico.com](http://camico.com)

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## OUTSOURCING RISK MANAGEMENT TIPS

1. **Get educated and stay current** on the rules and risks associated with outsourcing.
2. Before signing an agreement/contract with a third-party service provider, **ensure that your firm has considered and adequately provided for potential liability risks**. Read and make sure you understand and are willing and able to agree to the terms and conditions of any proposed contract. Specific attention should be given to the contractual details to ensure outsourcing relationships do not jeopardize the firm's ability to meet and satisfy standards of care. Be sure your agreements do not violate any of your applicable insurance policies.
3. **Engage experts (legal counsel, IT professionals, etc.) as needed** to assist you with your due diligence efforts. For example, consider consulting with an attorney in your relevant state if you have questions regarding the efficacy and potential exposures to your firm of certain legal terms and conditions related to governing law, indemnification, and hold harmless clauses, before signing agreements containing such language. IT professionals may also be needed to appropriately address security measures and safeguards for transmitting confidential client information.
4. **Follow best practices regarding client disclosure and client consent requirements**. CAMICO has long recommended CPAs disclose to clients the use of third-party service providers. Such proactive approaches:
  - Clarify the nature of contemplated services.
  - Correct any false expectations clients may have about their confidential information remaining inside of their CPAs' offices.
  - Help forestall negative client reactions if there should be an issue with the outsourced services.

From CAMICO's perspective, the right thing to do is to disclose to your client what you're planning to do with their information. If clients want to opt out, they should have the opportunity. Better to be forthright now than deal with an angry client later. CAMICO recommends CPAs always include a disclosure regarding third-party service providers in their engagement letters. This proactive approach protects against and helps reduce potential liability exposure should damages arise.

5. **Contact CAMICO**. As you can imagine, outsourcing offers a world of possibilities but also increases potential risks for CPAs — tread carefully, arm yourself with knowledge, and comply with the professional and regulatory rules that govern such a relationship.

## MEET THE 2022–2023 BOARD CHAIR

Embracing *change* with  
Jennifer Lehman, CPA*Jennifer Lehman's mantra*

sits on a sign beside her desk:  
“Don’t be afraid of change, be  
afraid of not changing.”

Jennifer has embraced this affirmation throughout her professional life, first using it as a first-generation student at James Madison University. Originally a nursing major, she quickly found she wasn’t interested in drawing blood and poking people with needles, she said. Jennifer took an accounting class in high school and did very well, so she decided instead to poke at the idea of being an accounting student.

After switching to the business school, she found herself working her way through college in the accounting departments at a few different businesses in Harrisonburg. She said it was a great way to “sink her teeth” into the profession.

Approaching her final semester, she felt like she should pursue her CPA designation. She “stuck a pin” in Harrisonburg and set a 60-mile radius limit for CPA firms, finding herself interviewing at Hantzmon and Weibel in Charlottesville in 1997. Jennifer served as the firm’s chief operating officer for 10 years, and in 2017 she became the firm’s first-ever female CEO.

Jennifer enjoys being in the profession because she’s able to make an impact, a difference, and a positive change, which is what she hopes to do in her role as chair of the VSCPA Board of Directors.

During her term, Jennifer will focus on the Society’s future-forward strategic plan, VSCPA 2030. Her question: What do we look like today compared to what we thought we were going to look like? We need to address the CPA pipeline and have a clear vision of what the VSCPA is working toward, she believes.

“It’s time for a pace of change,” she said, referring to the mantra that sits on her desk.

At the VSCPA Leader’s Summit in May, 2022–2023 Chair George Forsythe, CPA, sent Jennifer off on her VSCPA journey.

“Over this next year, we will embark on VSCPA 2030 — a process to ensure transformational change throughout the vision for the future of the profession in Virginia and the VSCPA and how we can continue to thrive in a fast-paced, constantly-changing world,” she said.

Jennifer plans to examine feedback and information from roundtables, retreats and events to officially formalize a plan with the VSCPA team toward the VSCPA 2030 initiative.

“Sometimes, it’s about what people believe in themselves,” Jennifer said. “What is it that we’re encouraging our young people? How can we succeed? There’s so much opportunity in this profession, and we need to make sure we’re encouraging the right people.”

When she isn’t assisting clients or examining the plan for VSCPA 2030, she’s working on completing her bucket list. She has skydived, taken a trip to Australia, given a 100% tip, contributed to a different charity every month for a year, and has a hot air balloon ride scheduled. But her favorite trip (so far) has been Costa Rica. ■



# VSCPA Services & Products to Drive Your Business's Success

The VSCPA team you already know and trust is also your partner to grow and evolve your business. We're excited to introduce our newly launched business services and expanded in-house learning programming.

As a benefit of your membership, take advantage of discounts on these services:

- **Strategic planning** — Through facilitation and a unique ability to really listen, we provide everything from firm strategy workshops to complex data collection. We help firms innovate and evolve by providing clarity and focus.
- **Event execution and hosting** — EventBlast is a full-service event consulting and delivery solution equipped to assist you with virtual, in-person or hybrid events. No matter how large or small your event is, we have a solution for you.
- **Learning management and planning** — Simplify CPE management with LCvista — an automated learning system that plans, tracks and personalizes courses for organizations of all sizes.
- **In-house education** — Save time and energy and let us bring learning to you live or virtually. You tell us what you're looking for and we'll do the rest.
- **Ethics training** — Choose our Essential Ethics courses for group learning! Recognized as a national leader in producing ethics, we offer innovative content aligned with accounting and business trends.

Explore these offerings and learn more at  
[vscpa.com/Services](https://vscpa.com/Services).



# Make a *career* connection

New VSCPA Mentoring Program now taking applications for mentors and mentees.

Denzel Washington once said, “Show me a successful individual and I’ll show you someone who had real positive influences in his or her life. I don’t care what you do for a living — if you do it well I’m sure there was someone cheering you on along the way. A mentor.”

The VSCPA wants to provide the opportunity for students and young professionals to have a mentor light their way through the professional dark. The free VSCPA Mentoring Program, spearheaded by the Mentoring Task Force of the VSCPA Diversity, Equity & Inclusion (DEI) Advisory Council, debuts this summer.

Mentoring mainly focuses on the needs of the mentee, although there are benefits for the mentor. The two-way professional relationship starts with conversations about the sharing of experiences, objectives and goals. Hopefully, the relationship will transform over time to be trustworthy, and each individual can ask questions and make choices.

The Mentoring Task Force discussed the importance of mentoring and attracting the kinds of people who could give mentees advice, coaching and support.

Carlos Ota, CPA, a sole proprietor and member of the DEI Advisory Council, said the mentor is giving the mentee a gift. “They’re offering their time, their experience, and their wisdom to the mentee. Those things are valuable.”

Even though it is a gift, Carlos said that the relationship needs to be driven by the mentee. “The mentee is seeking advice and counsel, and seeking to leverage the network of a mentor. They need to be proactive about deciding who their mentor is.”

This year, the VSCPA ran a pilot program with a number of VSCPA scholarship recipients and mentors who are a part of the Task Force.

Members of the pilot program describe their experiences as helpful, insightful and easygoing. Some wished they’d had a mentor from the same city, so future matches will take location into account.

After applicants fill out the mentoring or mentee applications, the VSCPA will host a speed-networking event to allow individuals to meet all applicants and see if they “match” with anyone during



the event. If not, the VSCPA will examine applications to find the applicant’s perfect match.

After matching the pair, they will be invited to examine and fill out the program’s Overview and Program Guide, which outlines expectations of each individual, boundaries, meeting logistics, preferred methods of communication, objectives and more.

Although the VSCPA pairs mentor and mentee, the frequency of meetings and topics of conversation are completely up to the pair. The VSCPA recommends meeting at least once a month, if possible.

Along with individual meetings between mentor and mentee, the VSCPA hopes to implement the mentoring relationship within events that are already occurring in the VSCPA’s spaces throughout the year, like conferences.

Molly Wash, CAE, VSCPA academic and diversity outreach director, sees benefits for sides within the relationship.

“For the mentee, it’s guidance and support, it’s having an extra ear. For the mentor, it’s an opportunity to share knowledge, to be a coach for someone, to be that support,” she said. “It’s helping the next generation see their potential and figure out their career path. It’s figuring out what they do and don’t want to do.”

Applications open on June 1 and close August 30. This is a free opportunity. Interested in applying? Visit [vscpa.com/Mentor](https://vscpa.com/Mentor).

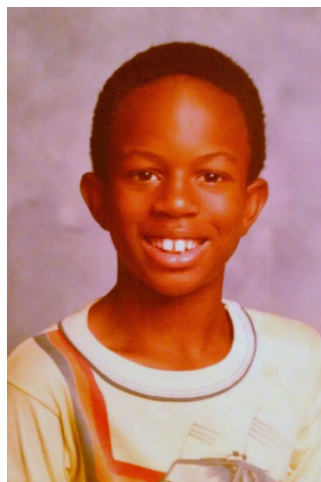
# Why CPAs *matter* in the classroom

Long-time CPA and leader Damon Desue was inspired in middle school. You can inspire, too.

It was the 1980s, and 12-year-old Damon DeSue sat in a California classroom listening to a CPA talk about their career. The accountant's career didn't scare Damon, but rather piqued his interest in the profession. He learned about the lack of minority representation, the benefits, and how he could use his middle school math skills in his future job.

Ever since that career day, Damon knew he wanted to be an accountant. He earned his bachelor's in accounting from East Carolina University and his master's from the University of Georgia. His now 28-year career has spanned stints in public accounting as well as corporate; he previously served as director of tax financial reporting and compliance for Dollar Tree Stores and is now global tax controller at PRA Group in Hampton Roads. He even served as VSCPA chair of the Board of Directors in 2011–2012.

The career day accountant had such an impact on Damon that he now wants to pay it forward through the VSCPA's CPAs in the Classroom program. Damon has been a VSCPA member for almost two decades and found himself wanting to share his



*Left: Damon DeSue during his impressionable middle school years, when he decided accounting was the profession for him! Right: After 28 years as a CPA, Damon is now global tax controller at PRA Group.*



knowledge with other students, just like he experienced decades ago.

In the CPAs in the Classroom program, VSCPA members visit middle or high school spaces to share information and ask questions students have about the profession. CPAs can request to reach out to their local school to host a visit or schools can request a visit from the VSCPA.

Damon worked with VSCPA staff members to get the visit started between him and a school in Hampton Roads. Through a six-month process, Damon was able to find himself in a classroom again, although not in the way he might have initially expected.

The visit did not mirror what Damon experienced in California, but he enjoyed the interactions and was surprised, nonetheless. The school he visited had prepared a game-like presentation, where Damon and his colleague were the judges. This game emulated Quiz Bowl, which according to the National Academic Quiz Tournaments, is a game in which two teams compete head-to-head to answer questions. The groups of students were ►

instructed to pick a company and analyze their finances, to see if and why they would be a good company to invest in.

Damon was very impressed with Natalie Rice, who instructed the group of students to create the presentations. Natalie, a business and information technology teacher at Hampton City Schools, came into teaching with a few years of previous accounting experience.

"It's all about if teachers have energy," Damon said. "Natalie Rice had energy ... she's very focused on students and getting them exposed early."

Damon believes that everyone can positively affect future generations and the CPA profession.

"I don't believe it's just a reliance on the professors at universities to be responsible for the profession's pipeline as a whole," said Damon. "It's going to require those who are out in practice today who need to be involved and engaged."

Damon said it's no different than going out and trying to find a new client and building a relationship.

"We need those professionals who are willing to go out of their normal day-to-day and build these relationships," Damon said. "You need to sell the profession."

## CPAs in the Classroom

No matter how you describe your career, students need to know the opportunities awaiting them in accounting. Give classroom presentations to middle, high school, or college students and inspire them to become the next generation of CPAs and business innovators! We can connect you to a classroom, provide tips and resources, and more!

[vscpa.com/cpas-in-classroom](http://vscpa.com/cpas-in-classroom)

## Annual *meeting* report

Members conducted official society business at the VSCPA's annual meeting at the VSCPA Learning & Innovation Center on May 18. Outgoing Chair of the Board George Forsythe, CPA, CGMA, was recognized for his outstanding leadership over the past year, and new leadership was installed:

### BOARD OF DIRECTORS

**Chair:** Jennifer Lehman, CPA, CGMA

**Chair-Elect:** Christine Williamson, CPA

See the full board roster at <http://www.vscpa.com/board>.

VSCPA volunteers were also recognized, including the Political Action Committee Board of Trustees. Brandon L. Pope, CPA, will serve as chair of the PAC Board. The VSCPA Board also serves as the VSCPA Educational Foundation Board. Visit <http://www.vscpa.com/governance> for volunteer rosters and more information on VSCPA governance.

## WHERE'S THE MEMBER NEWS?

To ensure we report your member news in a more timely manner, we've moved all member news to The Account, your bi-weekly e-newsletter. Still submit your promotions, new hires, announcements, awards, retirements and firm updates to [disclosures@vscpa.com](mailto:disclosures@vscpa.com).

# VSCPA Educational Foundation *awards*

## \$61,500 in scholarships

The Educational Foundation has awarded 27 scholarships to accomplished and deserving accounting students around the Commonwealth! Thank you to everyone who donated. Your contributions help protect the pipeline of the CPA profession and provide a lifeline for many students to pursue accounting careers. Visit <https://www.vscpa.com/ef-donation> today to contribute to next year's winners.

### **VSCPA's Past President's/Chair Scholarship (\$2,000)**

Khushboo Mann, Virginia Tech

### **VSCPA Minority Scholarship (\$2,000)**

Rachel Absolu, George Mason University

Lena Azizi, George Mason University

Kale Benyo, University of Virginia

### **VSCPA Undergraduate & Graduate Scholarship (\$2,000)**

Jessica Filosa, Virginia Tech

Madeline Ryan, George Mason University

Ryan Wilkinson, Old Dominion University

### **Curtis C. Duke and Dr. Ruth Coles Harris Scholarship (\$1,500)**

Stephen Smith, Emory & Henry College

### **CST Group Scholarship (\$3,000)**

Mary Mocek, University of Virginia

### **FORVIS Scholarship (\$2,500)**

Deborah Okai, University of Virginia

Valerie Rondi, College of William & Mary

### **H. Burton Bates Jr. Scholarship (\$2,500)**

Joshua Morse, Roanoke College

### **Keiter Opportunities Scholarship (\$2,000)**

Tiandra Threat, Virginia Commonwealth University

### **Marty A. Einhorn Memorial Scholarship (\$2,000)**

Bao Huynh, Old Dominion University

### **Michael E. Mares Scholarship (\$2,500)**

Tyler Edge, Virginia Commonwealth University

Josiah Fisher, James Madison University

### **MJW Scholarship (two awards at \$2,500 each)**

Ashley Milligan, University of Virginia

Alicia Ray, University of Virginia

### **Samuel A. Derieux, CPA, Memorial Scholarship (\$1,500)**

Sepideh Taheri, Old Dominion University

### **Thomas M. Berry Jr. Scholarship (\$2,000)**

Fernando Barrezueta, Virginia Commonwealth University

Kevina Johnson, University of Virginia

William Masselli, University of Virginia

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# If there's a *will*, there's a way

VSCPA student member Lauren King found an alternative path to 150 hours: CLEP exams.

*Michigan native Lauren King* came to Virginia Commonwealth University (VCU) on a volleyball scholarship. Digging her way through her first year, Lauren's major changed multiple times. She started with homeland security and emergency preparedness, and after passing a few obstacles, she found herself in an accounting class with VSCPA member Wayne Edmunds, CPA.

After hearing Wayne's teaching style and how he talked about the profession, Lauren declared herself an accounting major but wasn't medically allowed to play volleyball due to injury. It was a blessing in disguise, Lauren said: It allowed her to focus on school and what she genuinely wanted to do.

It turns out, that's becoming a CPA.

First things first: Lauren and her accounting friends discussed how they were going to fulfill the 150-hour educational requirement to become a CPA. A master's degree, a dual degree, a postbaccalaureate degree?

Lauren's friend Hector asked if she had heard about the CLEP Exams. She hadn't. But now, she makes sure that everyone else does.

CLEP exams are College Level Examination Programs (CLEP). Hosted by the College Board, these 34 exams allow students to learn and earn credit for introductory level college material for a fraction of the cost. Exam topics range from financial accounting to American literature to the Spanish language. Each exam has a flat fee of \$90, but the fee could be waived with circumstances like military benefits. Lauren used Modern States, a nonprofit organization that aims to make a college-level education accessible for everyone.

Students learn exam content in chapters, watch recordings, review the material throughout each module, and take a larger practice test before the big exam.

In the summer of 2022, Lauren asked Hector how many exams he thought that she could reasonably complete with two summer classes and an internship. His answer? Two or three. Her result? Six or seven.

Lauren took multiple exams to gain credit, some in accounting and math, others in her separate interest of psychology.

In Lauren's experience, she feels like no one knows about the option of taking a CLEP exam — not even professors or



professional CPAs. In fact, Lauren believes if this option were advertised more, the CPA pipeline could be improved.

"No one knows about [the CLEP option] because it's not advertised so readily, but if it was, it could attract more people to the profession," she said. "It [150 hours] presents another barrier to entry, especially the students who don't have the means to pay for credits like that. It might encourage people to enter the profession and potentially take the exams for free." Lauren wants to inform current and aspiring CPAs to not give up when facing obstacles. And she takes that concept with her through during journey to become a CPA.

"If you really want something, there's a way to make it happen. If you see an obstacle, don't let it deter you."

Lauren graduated from VCU this year and she will start in October as an audit associate at KPMG in Richmond. ■



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