

**Unified Regulatory Plan of the Virginia Board of Accountancy for State Fiscal Year 2023**

Prepared on October 3, 2022

### **Description of Agency or Boards**

The Board of Accountancy is authorized to qualify and issue CPA licenses to persons and firms to use the CPA title and practice public accountancy in the Commonwealth; to establish requirements for education, experience and examination for licensure; to establish requirements for the renewal or reinstatement of licenses; to establish requirements for CPA firm peer reviews; to establish continuing professional education requirements for the issuance, renewal or reinstatement of a license; to levy and collect fees sufficient to cover all expenses of the board; to initiate or receive complaints concerning licensed CPAs, CPA firms or unlicensed individuals or firms in the Commonwealth; to take disciplinary action if warranted; to set standards of practice for professional conduct; and to promulgate regulations for those purposes. Code of Virginia, Title 54.1, Chapter 44.

The Board of Accountancy operates under the supervision of the Secretary of Finance.

**Title of Proposed Regulatory Action or Guidance Document**

Guidance Document on Accreditation of Educational Institutions

**Brief Overview**

VBOA is required (§ 54.1-4409.2, 18VAC5-22-60) to evaluate the educational qualifications of CPA applicants. VBOA is responsible for assessing whether a US college or university is an accredited institution if it is accredited by an acceptable accrediting organization. The board also set standards for those who graduated from an institution not accredited by a major US accrediting organization. This affects graduates of many foreign colleges or universities who apply for a CPA license in Virginia. VBOA authorizes evaluation firms to determine whether an applicant meets VBOA qualifications.

There are continuing changes in accreditation bodies for US colleges and universities. VBOA seeks to establish guidelines to assess the quality and integrity of new and existing accrediting bodies.

In early 2022, VBOA learnt that certain foreign accounting credentials may have been accepted as college degrees in satisfaction of VBOA educational requirements. VBOA promptly communicated with the evaluation firms and posted information on its website for potential applicants to clarify this misunderstanding. VBOA has been preparing a Guidance Document in order to prevent a repeat occurrence. The Guidance Document shall formally outline accreditation requirements and will streamline the process for both education evaluation firms and for CPA applicants who graduate from foreign colleges or universities.

It is important that VBOA ensure its CPA applicants meet consistent educational standards. Currently, VBOA has substantial equivalency agreements (§ 54.1-4411) with the public accounting regulatory agencies of all other US states and territories, in addition to mutual recognition agreements with multiple international organizations. CPAs who are licensed in Virginia thus have reciprocity with many other jurisdictions. Failure to meet consistent educational standards may interfere with VBOA's substantial equivalency agreements and would cause negative economic effects.

Some VBOA policies are placed through the Guidance Document process out of an abundance of caution. In the event that said policies fall under the "rulings and advisory opinions" or "internal manuals and memoranda" exceptions listed in § 2.2-4002.1(A), formal regulatory action may not be necessary.

<b>Regulatory Stage (check one box)</b>	<input type="checkbox"/> NOIRA <input type="checkbox"/> Proposed Rule <input type="checkbox"/> Final Rule	<input type="checkbox"/> Emergency Rule <input type="checkbox"/> Fast-Track Rule
<b>Additional Description</b>	<input type="checkbox"/> Expedited Rule <input type="checkbox"/> Exempt Rule	<input checked="" type="checkbox"/> Guidance Document
<b>Legal Authority</b>	<input type="checkbox"/> Action required by federal statute <input checked="" type="checkbox"/> Action required by state statute	<input checked="" type="checkbox"/> Discretionary action
<b>Deregulatory Component</b>	VBOA anticipates that the guidance provided would streamline the process for both education evaluation firms and for CPA applicants who graduate from foreign colleges or universities.	
<b>Expected Date</b>	October 2022	

**Title of Proposed Regulatory Action or Guidance Document**

Guidance Document on Use of the CPA Title

**Brief Overview**

VBOA is required (§ 54.1-4402) to restrict use of the CPA title in Virginia to properly licensed persons and firms in order to protect the public. Use of the CPA title without a valid license is a prohibited act subject to enforcement action by VBOA (§ 54.1-4414).

Former CPAs whose licenses have lapsed are sometimes subject to enforcement action for continuing to use the CPA title. While “use of the CPA title” is defined in Virginia statute, many other states provide additional guidance to their CPAs on whether specific actions (e.g. claiming to have developed skills in accounting or finance while a CPA, but not currently holding an Active license) are permissible.

This guidance would help CPAs and former CPAs avoid misunderstandings concerning the law, help protect the public from inaccurate claims, and help streamline VBOA’s enforcement process.

Some VBOA policies are placed through the Guidance Document process out of an abundance of caution. In the event that said policies fall under the “rulings and advisory opinions” or “internal manuals and memoranda” exceptions listed in § 2.2-4002.1(A), formal regulatory action may not be necessary.

<b>Regulatory Stage (check one box)</b>	<input type="checkbox"/> NOIRA <input type="checkbox"/> Proposed Rule <input type="checkbox"/> Final Rule	<input type="checkbox"/> Emergency Rule <input type="checkbox"/> Fast-Track Rule
<b>Additional Description</b>	<input type="checkbox"/> Expedited Rule <input type="checkbox"/> Exempt Rule	<input checked="" type="checkbox"/> Guidance Document
<b>Legal Authority</b>	<input type="checkbox"/> Action required by federal statute <input checked="" type="checkbox"/> Action required by state statute	<input checked="" type="checkbox"/> Discretionary action
<b>Deregulatory Component</b>	VBOA anticipates that the guidance provided would reduce uncertainty regarding use of the CPA title and streamline the enforcement process.	
<b>Expected Date</b>	January 2023	

**Title of Proposed Regulatory Action or Guidance Document**

Revisions to Regulations Pertaining to Educational Accreditation

**Brief Overview**

VBOA anticipates revising 18VAC5-22-60 to streamline its process for determining whether a college or university is an accredited institution. Currently, VBOA's procedure is described as using a "task force" which provides a recommendation to the Board on whether or not an institution should be accepted. While the current process broadly follows this procedure, the language is remarkably unwieldy and can be simplified.

VBOA currently makes decisions on education policy with an ad hoc task force but would like to make it clear that the agency can evaluate educational institutions without the rigid language describing a "task force."

VBOA would also like to revise the language concerning "six major regional accrediting organizations," as recent changes to education accreditation in the US (and the breakup of several of the accrediting organizations) have begun to render this language obsolete.

<b>Regulatory Stage (check one box)</b>	<input type="checkbox"/> NOIRA <input type="checkbox"/> Proposed Rule <input type="checkbox"/> Final Rule	<input type="checkbox"/> Emergency Rule <input checked="" type="checkbox"/> Fast-Track Rule
<b>Additional Description</b>	<input type="checkbox"/> Expedited Rule <input type="checkbox"/> Exempt Rule	<input type="checkbox"/> Guidance Document
<b>Legal Authority</b>	<input type="checkbox"/> Action required by federal statute <input type="checkbox"/> Action required by state statute	<input checked="" type="checkbox"/> Discretionary action
<b>Deregulatory Component</b>	The changes proposed for this Chapter will streamline the accreditation process. The changes may potentially reduce at least one regulatory requirement for VBOA staff.	
<b>Expected Date</b>	January 2023	

**Title of Proposed Regulatory Action or Guidance Document**

Revisions to Regulations Pertaining to Education

**Brief Overview**

VBOA anticipates revising 18VAC5-22-70 to update the education requirements necessary to take the CPA examination in Virginia. The AICPA released an Exposure Draft in mid-2022, detailing potential updates to the CPA examination, with finalized Exam Blueprints to be released in early 2023. It will likely become necessary to update Virginia's subject requirements in order to better prepare Virginia students to take the updated CPA exam.

Many Virginia students take the CPA exam in other states, and Virginia licenses CPAs who received their education in other states. It is important to maintain consistent education standards with other states in order to ensure reciprocity between Virginia and other US jurisdictions. Failure to update our education requirements for the CPA exam would adversely affect Virginia CPAs and the economy of the state in general.

VBOA is tentatively considering relaxing requirements for students who complete a master's degree in an accounting or finance-related field. North Carolina already includes similar language in their requirements, which greatly streamlines their examination process.

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<b>Additional Description</b>	<input checked="" type="checkbox"/> Expedited Rule <input type="checkbox"/> Exempt Rule	<input type="checkbox"/> Guidance Document
<b>Legal Authority</b>	<input type="checkbox"/> Action required by federal statute <input checked="" type="checkbox"/> Action required by state statute	<input checked="" type="checkbox"/> Discretionary action
<b>Deregulatory Component</b>	The changes proposed for this Chapter will bring Virginia up to date on education standards. The changes may potentially reduce at least one regulatory requirement.	
<b>Expected Date</b>	January 2023	

<b>Title of Proposed Regulatory Action or Guidance Document</b>	
Education Handbook	
<b>Brief Overview</b>	
<p>VBOA maintains its “Education Handbook” as a Guidance Document. This Guidance Document provides helpful information to CPA applicants.</p> <p>As a consequence of the previous two proposed regulatory actions, it may become necessary to update the Education Handbook in order to keep its information up-to-date.</p> <p>Some VBOA policies are placed through the Guidance Document process out of an abundance of caution. In the event that said policies fall under the “rulings and advisory opinions” or “internal manuals and memoranda” exceptions listed in § 2.2-4002.1(A), formal regulatory action may not be necessary.</p>	
<b>Regulatory Stage (check one box)</b>	<input type="checkbox"/> NOIRA <input type="checkbox"/> Proposed Rule <input type="checkbox"/> Final Rule <input type="checkbox"/> Emergency Rule <input type="checkbox"/> Fast-Track Rule
<b>Additional Description</b>	<input type="checkbox"/> Expedited Rule <input type="checkbox"/> Exempt Rule <input checked="" type="checkbox"/> Guidance Document
<b>Legal Authority</b>	<input type="checkbox"/> Action required by federal statute <input checked="" type="checkbox"/> Action required by state statute <input checked="" type="checkbox"/> Discretionary action
<b>Deregulatory Component</b>	The changes proposed for this Chapter will bring Virginia up to date on education standards.
<b>Expected Date</b>	January 2023

<b>Title of Proposed Regulatory Action or Guidance Document</b>	
Revisions to Regulations Pertaining to Fees	
<b>Brief Overview</b>	
<p>VBOA tentatively anticipates revising 18VAC5-22-20 to create a more dynamic fee schedule. VBOA would like the ability to promptly update its fee structure along reasonable levels in order to fully fund expenditures while maintaining a minimum contingency fund (§§ 54.1-4405 and 54.1-4405).</p> <p>VBOA has recently had to make withdrawals from its Trust Account for the first time in history. VBOA has completed an initial 10-year financial forecast in preparation for fee updates.</p> <p>This proposed regulatory action is a long-term objective and may involve updates to statute.</p>	
<b>Regulatory Stage (check one box)</b>	<input type="checkbox"/> NOIRA <input type="checkbox"/> Proposed Rule <input type="checkbox"/> Final Rule <input type="checkbox"/> Emergency Rule <input checked="" type="checkbox"/> Fast-Track Rule
<b>Additional Description</b>	<input type="checkbox"/> Expedited Rule <input type="checkbox"/> Exempt Rule <input type="checkbox"/> Guidance Document
<b>Legal Authority</b>	<input type="checkbox"/> Action required by federal statute <input checked="" type="checkbox"/> Action required by state statute <input checked="" type="checkbox"/> Discretionary action
<b>Deregulatory Component</b>	The changes proposed for this Chapter will help maintain VBOA's long-term solvency and streamline the process for updating fees.
<b>Expected Date</b>	June 2023 or later