

2014-16 Executive Progress Report

Commonwealth of Virginia
Secretary of Finance
Board of Accountancy

At A Glance

The Virginia Board of Accountancy's mission is to protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of Certified Public Accountants (CPA) and CPA firms.

Staffing 10 Salaried Employees, 0 Contracted Employees, 12 Authorized, and 1 Wage Employees.

Financials Budget FY 2015, \$1.65 million, 0.00% from the General Fund.

Trends ➔ Number of CPA Licenses

⬆ Number of CPE Audits

➔ Revenue

Legend ⬆ Increase, ⬇ Decrease, ➔ Steady

Key Perf Areas ➔ Customer Satisfaction

Productivity ➔ Labor cost per new CPA License

Legend ⬆ Improving, ⬇ Worsening, ➔ Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

The Virginia Board of Accountancy (VBOA), established in 1910, regulates Certified Public Accountants (CPAs) in Virginia through a program of examination, licensure (individuals and firms), consumer protection (enforcement), continuing professional education and peer reviews. Unlike most state agencies in Virginia, the VBOA is not funded by public tax dollars. The VBOA is an independent, non-general fund agency whose revenues are wholly dependent upon the fees established for CPA exam candidates, applicants and licensees. The VBOA may impose penalties on persons using the CPA title in Virginia or firms providing attest services or compilation services to persons or entities located in Virginia, or on a person or firm who does not hold a Virginia license or who does not meet the requirements to use the CPA title in Virginia in accordance with the Code of Virginia [statutes](#) and/or [Board Regulations](#). All penalties collected by the VBOA are deposited to the state literary fund – such funds are not available to the VBOA as operating funds.

The Board receives its authority from the Code of Virginia, Title 54.1, Chapter 44, and regulates the professional practice of CPAs and CPA firms under Board Regulation 18VAC5-22-10 et seq.

Major Products and Services

VBOA Products and/or Services:

- CPA Exam candidate application processing
- CPA Licensee (Individuals & Firms) candidate application processing
- CPA Licensee (Individuals & Firms) Annual Renewals
- CPA Continuing Professional Education (CPE) Monitoring
- CPA Firm Peer Review Monitoring
- Complaint (Enforcement) Processing/Investigations

Customers

Customer Summary

The VBOA evaluates education credentials and approves testing for over 6,000 candidates each year, over 1,300 applicants are licensed each year, and over 70 enforcement cases are handled by the Board each year. There is a slight upward trend in these three activity areas.

The VBOA (June 2014) reflects a total of 26,348 individually licensed CPAs and 1,218 firm licensees in Virginia. The impact of mobility will affect the number of licensees in Virginia - that is, over 50 jurisdictions now allow licensed CPAs to practice in another state if the reciprocal

state has been determined to be substantially equivalent. In addition, an aging CPA workforce will eventually affect the number of licensed CPAs in Virginia.

Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Business and Finance	Certified Public Accountants (CPA)	26,348	26,750	Stable
Business and Finance	Complainants	74	75	Stable
Business and Finance	First Time CPA Examination Candidates applying to sit for CPA exam	1,860	1,890	Increase
Business and Finance	CPA Firms	1,218	1,218	Stable
Business and Finance	Professional Associations	10	12	Stable

Finance and Performance Management

Finance

Financial Summary

The Virginia Board of Accountancy (VBOA) is 100% non-general funded (financially dependent on fees charged to applicants and licensees). The Board has two special revenue funds. The Operating fund is the Board's primary operating fund. The Trust Account is primarily to be used for the study, research, investigation, and adjudication of matters involving possible violations of statutes or regulations relating to the profession of public accounting.

The Virginia Board of Accountancy (VBOA) implemented a fee increase effective January 1, 2013. Virginia CPA licensure fees have not been increased since 1991 (over 20 years). During this time, the profession has continually grown, technology has changed with a significant increase in expenditures, over-all expenses have risen with inflation, and the need for staff resources has increased. This fee increase ensures the financial health/strength of the VBOA and ensures that all the agency's needs are met.

Fund Sources

Fund Code	Fund Name	FY 2015	FY 2016
0900	Dedicated Special Revenue	\$1,648,449	\$1,648,465

Revenue Summary

The Virginia Board of Accountancy (VBOA) is responsible for collecting a variety of fees and fines. During FY 2014 VBOA collected \$2,282,331 in Accountancy Regulatory Fees.

The VBOA also imposes monetary penalties in disciplinary cases; however, those funds are deposited to the Virginia Literary Fund. During FY 2014 VBOA collected \$357,612 in Fines and Penalties.

Performance

Performance Highlights

The Virginia Board of Accountancy (VBOA) continually evaluates its service performance through monthly reporting and performance measures tied to the VBOA's strategic goals and objectives.

Beginning with the fiscal year ended 6/30/2011, the VBOA began conducting an annual customer service satisfaction survey (a key performance measure). The results of the first survey indicated that 88% of VBOA customers were satisfied with staff customer service. The results of the next three surveys on customer service satisfaction were 93% in FY 2012, 96% in FY 2013 and 95% in FY 2014. An analysis of this survey allows VBOA management to address any areas of concern and where improvements are needed.

Other performance measures assist the VBOA to ensure that enforcement cases are monitored closely, that continuing professional education (CPE) and Peer Review compliance are reviewed on a timely basis, CPA licenses are issued in a cost effective manner, and VBOA staff are provided training to enhance their knowledge and skills.

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
M226SA12002	Labor cost per new Certified Public Accountant (CPA) license issued.	Labor cost per new CPA License	Maintaining
22656001.002.003	Percentage of Continuing Professional Education (CPE) compliance reviews completed within 21 calendar days of documentation receipt.		Maintaining
22656001.002.002	Percentage of enforcement cases closed within 160 calendar days of complaint.		Maintaining
22656001.001.002	Percentage of overall customer satisfaction with Virginia Board of Accountancy (VBOA) products and services, as demonstrated by the ratings received in an annual survey of VBOA customers.	Customer Satisfaction	Maintaining
M226SA12001	Percentage of Virginia Board of Accountancy (VBOA) employees who have taken at least 15 annual training hours.		Maintaining

Key Risk Factors

The key risk factors that will have a significant impact on the Virginia Board of Accountancy are:

- The national economic conditions, the primary reason for current state budgetary constraints, could impact VBOA from accomplishing its initiatives in the future.

Agency Statistics

Statistics Summary

As of June 2014, the Virginia Board of Accountancy was responsible for the regulation and licensure of 26,348 Certified Public Accountants (CPAs) and 1,218 CPA Firms by ensuring the effective and timely processing of Virginia Board of Accountancy applications, complaints and regulatory compliance documentation. The Board is also responsible for assessing the education and other qualifications for eligibility to take the CPA exam. During Calendar Year 2013, 8,631 CPA exam sections were taken by Virginia exam candidates.

Statistics Table

Description	Value
Number of Licensed CPAs	26,348
Number of Licenses CPA Firms	1,218
Number of New CPA Licenses Issued	1,345
Number of New CPA Firm Licenses Issued	38
Number of CPA Exam Sections Taken	8,631
Number of Enforcement Cases	74
Number of CPE Audits	971

Management Discussion

General Information About Ongoing Status of Agency

The Virginia Board of Accountancy (VBOA) will continue to focus on maximizing internal and application service efficiencies to enhance service delivery to our customers (including website functionality and user friendly application screens), and to do so in a secure and efficient work environment through the use of information technology.

The VBOA Executive Director has developed a long-term business plan that focuses on the future business needs of the agency. The plan addresses such issues as the financial health/strength of the Board, staffing structure and classifications, and future business needs.

The VBOA's priorities therefore include an enhanced service delivery to our customers, the fiscal integrity of on-going operations and an effective/efficient staffing structure.

Information Technology

Continued investments in technology are necessary to achieve the operational efficiencies necessary for the Virginia Board of Accountancy (VBOA) to reach its strategic goals and ensure compliance with the Virginia Information Technology Agency (VITA) Information Security Management Standards. The VBOA is currently working with VITA on several agreements for vulnerability scanning services, a complete server

migration and disaster recovery services that will be implemented during FY 2015. In addition VBOA is proposing an IT initiative for the replacement of our mission critical licensing system. As a 100% non-general funded agency, any IT investment project will be dependent upon the revenues collected through fees.

Workforce Development

The Virginia Board of Accountancy (VBOA) has an Authorized Maximum Employment Level (MEL) of 12 with 10 positions currently filled. VBOA plans to fill our vacant Enforcement Director position by the end of 2014 and will be looking to fill another position in the area of Information Technology by the end of FY 2015. As a result of our continued growth and staff size, VBOA is currently in the process of hiring a wage employee to supplement classified staff and may hire additional wage employees during peak work periods and unexpected staff turnover.

The VBOA seeks to provide training and staff development programs in a manner that best meets the needs of VBOA and its employees. The VBOA utilizes a performance measure to track the number of employees who have taken at least 24 annual training hours.

Physical Plant

On August 29, 2007, the Virginia Board of Accountancy (VBOA) entered into a ten year lease with the Department of General Services (DGS) for office space located in the Perimeter Center Building in Henrico County. The VBOA shares the Perimeter Center Building with five other state agencies to facilitate the use of shared space and services. DGS and the building owner are currently discussing extending this lease for an additional 5 years.
