

2016-18 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 12 Salaried Employees, 0 Contracted Employees, 13 Authorized, and 1 Wage Employees.

Financials Budget FY 2017, \$2.41 million, 0.00% from the General Fund.

Trends	➔ Number of Certified Public Accountants (CPAs)	Key Perf Areas	➔ % of Customer Satisfaction
	⬆ Number of complaints against CPAs	Productivity	➔ Labor cost per new CPA License
	⬆ First Time CPA Exam Candidate applications	Legend	⬆ Improving, ⬇ Worsening, ➔ Maintaining
	➔ Number of CPA firms		
	➔ Number of Business and Finance partners		
Legend	⬆ Increase, ⬇ Decrease, ➔ Steady		

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 and Reinstatements
- CPA Continuing Professional Education (CPE) Monitoring
- CPA Firm Peer Review Monitoring
- Complaint (Enforcement) Processing/Investigations

Customers

Customer Summary

In the past five (5) years between FY2012 to FY2016, the VBOA has evaluated education credentials and approved testing for an average of over 1,902 candidates each year, an average of over 1,256 new applicants licensed each year, and an average of over 82 enforcement cases handled by the Board for each of those years. We report a slight annual upward trend in these three activity areas each year.

As of the fiscal year ended June 30, 2016, the VBOA reported a five year average total of 26,213 individually licensed CPAs and a five year average of 1,202 firm licensees held in Virginia. It is anticipated that the impact of mobility will eventually affect the number of licensees in Virginia - whereas all fifty (50) states and five (5) additional jurisdictions, including Guam, Puerto Rico, District of Columbia, US Virgin Islands and the Northern Mariana Islands, now allow licensed CPAs to practice in another state or jurisdiction without having to obtain a CPA license in that state or jurisdiction. This arrangement is available to CPA's if the reciprocal state is determined to be substantially equivalent in the areas of education, examination and experience. In addition, it is anticipated that an aging CPA workforce will eventually decrease 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)	27,322	28,000	Stable
Business and Finance	Complainants	145	160	Increase
Business and Finance	First Time CPA Examination Candidates applying to sit for CPA exam	2,136	2,200	Increase
Business and Finance	CPA Firms	1,157	1,200	Stable
Business and Finance	Professional Associations	10	12	Stable

Finance

Financial Summary

The Virginia Board of Accountancy (VBOA) is one-hundred (100) percent non-general funded and is totally financially dependent on fees collected from applicants and licensees. The VBOA has two special revenue funds. An Operating fund and a Trust Fund which is primarily used to pay for the study, research, investigation, and adjudication of matters involving possible violations of statutes or regulations relating to the profession of public accounting.

The VBOA implemented a fee increase effective January 1, 2013. Virginia CPA licensure fees had not been increased since 1991 (over 22 years). Since 1991, the profession has continually grown, technology applications have significantly matured and overall day-to-day operating expenses have dramatically risen which include the need for hiring additional staff to keep up with market demand. This fee increase has proved to be sufficient in financing the resources essential in carrying out the agencies goals and objectives.

Sixty-one (61) percent of VBOA's current budget supports personnel costs for salaries, wages, and fringe benefits. The remaining budget supports day-to-day operations, i.e., funding for rent, information technology enhancements, contractual services, training, office supplies, and other miscellaneous costs.

The VBOA also imposes monetary penalties against licensees in the enforcement of disciplinary cases. All penalties collected by the VBOA are deposited into the Virginia Literary Fund and are not available to the VBOA for normal operating expenses.

Fund Sources

Fund Code	Fund Name	FY 2017	FY 2018
0900	Dedicated Special Revenue	\$2,414,828	\$1,917,446

Revenue Summary

The Virginia Board of Accountancy (VBOA) is responsible for collecting a variety of fees and fines. During FY 2016 VBOA collected \$2,378,598 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 2016, VBOA collected and transferred \$245,802 in Fines and Penalties into this fund.

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 June 30, 2011, the VBOA began conducting an annual customer service satisfaction survey (a key performance measure). The results of the first survey indicated that eighty-eight (88) percent of VBOA customers were satisfied with staff customer service. The results of the past five surveys on customer service satisfaction were ninety-three (93) percent in FY2012, ninety-six (96) percent in FY2013, ninety-five (95) percent in FY2014 and FY2015 and ninety-seven (97) percent in FY2016. An analysis of this survey allows VBOA management to address any areas of concern and to make the necessary improvements where warranted.

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 skills and abilities and to stay abreast of best industry practices

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.	% of CPE compliance reviews completed	Maintaining
22656001.002.002	Percentage of enforcement cases closed within 160 calendar days of complaint.	% of enforcement cases closed	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.	% of Customer Satisfaction	Maintaining
M226SA12001	Percentage of Virginia Board of Accountancy (VBOA) employees who have taken at least 15 annual training hours.	% of employees completing annual training	Maintaining

Key Risk Factors

It is anticipated that the impact of mobility will eventually affect the number of licensees in Virginia - whereas all fifty (50) states and five (5) additional jurisdictions, including Guam, Puerto Rico, District of Columbia, US Virgin Islands and the Northern Mariana Islands, now allow licensed CPAs in one state or jurisdiction, to practice in another state or jurisdiction without having to obtain a CPA license in that state or jurisdiction. This arrangement is available to CPAs if the reciprocal state is determined to be substantially equivalent in the areas of education, examination and experience. In addition, it is anticipated that an aging CPA workforce will eventually decrease the number of licensed CPAs in Virginia.

Agency Statistics

Statistics Summary

As of June 2016, the Virginia Board of Accountancy was responsible for the regulation and licensure of 27,322 Certified Public Accountants (CPAs) and 1,157 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 2016, 9,201 CPA exam sections were taken by Virginia exam candidates.

Statistics Table

Description	Value
FY 2016 Statistics below:	0
Number of Licensed Individual CPAs	27,322
Number of Licensed CPA Firms	1,157
Number of New CPA Licenses Issued	1,322
Number of New CPA Firm Licenses Issued	29
Number of CPA Exam Sections Taken	9,201
Number of Enforcement Cases	145
Number of CPE Audits Selected	1,578

General Information About Ongoing Status of Agency

The Virginia Board of Accountancy (VBOA) will continue to focus on system(s) improvements and application service efficiencies to enhance service delivery to our customers (including website functionality, communications and user friendly system(s) navigation), through the use of secure information technology networks.

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 and responsive 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 currently has several memorandums of understanding (MOU)s in place with VITA to include Information Security Officer (ISO) services, Enterprise Cloud Oversight Services, and IT Security Audit Services. The VBOA is currently proposing an IT initiative for the IT hosting and replacement of our mission critical licensing system. As a one-hundred (100) percent 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 13 with 12 full-time positions being currently filled. As a result of our continued growth and staff size, VBOA hired 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 and recently renewed the lease for office space for an additional five (5) years. The VBOA shares the Perimeter Center Building with five other state agencies to facilitate the use of shared space and shared services.