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**HOUSE BILL NO. 907**

Offered January 8, 2014

Prefiled January 8, 2014

*A BILL to amend and reenact §§ 54.1-4400 and 54.1-4412.1 of the Code of Virginia, relating to the Board of Accountancy; licensing requirements.*

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 Patron—Knight
 

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 Referred to Committee on General Laws
 

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**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 54.1-4400 and 54.1-4412.1 of the Code of Virginia are amended and reenacted as follows:**

**§ 54.1-4400. Definitions.**

As used in this chapter, unless the context clearly indicates otherwise:

"Accredited institution" means a degree-granting college or university accredited either by (i) one of the six major regional accrediting organizations—Middle States Association of Colleges and Schools, New England Association of Schools and Colleges, North Central Association of Colleges and Schools, Northwest Commission on Colleges and Universities, Southern Association of Colleges and Schools, and Western Association of Schools and Colleges—or their successors; or (ii) an accrediting organization demonstrating to the Board periodically, as prescribed by the Board, that its accreditation process and standards are substantially equivalent to the accreditation process and standards of the six major regional accrediting organizations.

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

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

"Board" means the Virginia Board of Accountancy.

"Compilation services" means compiling financial statements in accordance with standards established by the American Institute of Certified Public Accountants or by any successor standard-setting authorities.

"Continuing professional education" means the education that a person obtains after passing the CPA examination and that relates to services provided to an employer in academia, government, or industry using the CPA title or to services provided to the public using the CPA title.

"CPA" means certified public accountant.

"CPA examination" means the national uniform CPA examination approved and administered by the board of accountancy of a state or by the board's designee.

"CPA wall certificate" means the symbolic document suitable for wall display that is issued by the board of accountancy of a state to a person meeting the requirements to use the CPA title in that state.

"Executive Director" means the Executive Director of the Board.

"Experience" means employment in academia, a firm, government, or industry in any capacity involving the substantial use of accounting, financial, tax, or other skills that are relevant, as determined by the Board, to provide services to an employer using the CPA title or to the public using the CPA title.

*"Facilitated State Board Access" or "FSBA" means the sponsoring organization's process whereby it provides the Board access to peer review results via a secure website.*

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

"Firm" means an entity formed by one or more licensees as a sole proprietorship, a partnership, a corporation, a limited liability company, or any other type of entity permitted by law.

"License of another state" means the license that is issued by the board of accountancy of a state other than Virginia that gives a person the privilege of using the CPA title in that state or that gives a firm the privilege of providing attest services and compilation services to persons and entities located in that state.

"Licensed" means holding a Virginia license or the license of another state.

"Licensee" means a person or firm holding a Virginia license or the license of another state.

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59 "Peer review" means a review of a firm's attest services and compilation services that is conducted in  
60 accordance with the applicable monitoring program of the American Institute of Certified Public  
61 Accountants or its successor, or with another monitoring program approved by the Board.

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

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

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

72 *"Sponsoring organization" means a Board-approved professional society or other organization*  
73 *responsible for the facilitation and administration of peer reviews through use of its peer review program*  
74 *and applicable peer review standards.*

75 "State" means any state of the United States, the Commonwealth of the Northern Mariana Islands,  
76 the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

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

83 "Virginia license" means a license that is issued by the Board giving a person the privilege of using  
84 the CPA title in Virginia or a firm the privilege of providing attest services and compilation services to  
85 persons and entities located in Virginia.

86 **§ 54.1-4412.1. Licensing requirements for firms.**

87 A. Only a firm can provide attest services or compilation services to persons or entities located in  
88 Virginia. However, this shall not affect the privilege of a person who is not licensed to say that financial  
89 statements have been compiled or to use the compilation language, as prescribed by subsections B and C  
90 of § 54.1-4401.

91 B. A firm that provides attest services or compilation services to persons or entities located in  
92 Virginia shall obtain a Virginia license if the principal place of business in which it provides those  
93 services is in Virginia.

94 C. A firm that is not required to obtain a Virginia license may provide attest services or compilation  
95 services to persons or entities located in Virginia if:

96 1. The firm's personnel working on the engagement either (i) hold a Virginia license or (ii) hold the  
97 license of another state and comply with the substantial equivalency provisions of § 54.1-4411, or

98 2. The firm's personnel working on the engagement are under the supervision of a person who either  
99 (i) holds a Virginia license or (ii) holds the license of another state and complies with the substantial  
100 equivalency provisions of § 54.1-4411.

101 D. For a firm to obtain a Virginia license:

102 1. As determined on a firm-wide basis:

103 a. At least 51 percent of the owners of the firm shall be licensees, trustees of an eligible employee  
104 stock ownership plan as defined in § 13.1-543, or a firm that meets this requirement, and

105 b. At least 51 percent of the voting equity interest in the firm shall be owned by persons who are  
106 licensees, by trustees of an eligible employee stock ownership plan as defined in § 13.1-543, or by a  
107 firm that meets this requirement.

108 If the death, retirement, or departure of an owner causes either of these requirements not to be met,  
109 the requirement shall be met within one year after the death, retirement, or departure of the owner.

110 2. The Board shall prescribe requirements concerning the hours that owners who are not licensees  
111 work in the firm and may prescribe other requirements for those persons.

112 3. All attest services and compilation services provided for persons and entities located in Virginia  
113 shall be under the supervision of a person who either (i) holds a Virginia license or (ii) holds the license  
114 of another state and complies with the substantial equivalency provisions of § 54.1-4411.

115 4. Any person who releases or authorizes the release of reports on attest services or compilation  
116 services provided for persons or entities located in Virginia shall:

117 a. Either (i) hold a Virginia license or (ii) hold the license of another state and comply with the  
118 substantial equivalency provisions of § 54.1-4411, and

119 b. Meet any additional requirements the Board prescribes.

120 5. The firm shall conduct its attest services and compilation services in conformity with the standards

121 of conduct and practice in § 54.1-4413.3 and regulations promulgated by the Board.

122 6. The firm shall be enrolled in the applicable monitoring program of the American Institute of  
123 Certified Public Accountants or its successor, or in another monitoring program for attest services and  
124 compilation services that is approved by the Board. In addition, the firm shall comply with any  
125 requirements prescribed by the Board in response to the results of peer reviews.

126 7. *The firm shall participate in the American Institute of Certified Public Accountants, or sponsoring*  
127 *organization's, Facilitated State Board Access process, or its successor process, for peer reviews.*

128 8. The name of the firm shall not be false, misleading, or deceptive.

129 E. The Board shall prescribe the methods and fees for a firm to apply for the issuance, renewal, or  
130 reinstatement of a Virginia license.

131 F. An entity may not use the CPA title in Virginia unless it meets the requirements of subdivision D  
132 1.