

993509743

SENATE BILL NO. 926

Senate Amendments in [] — January 22, 1999

A BILL to amend and reenact §§ 2.1-1.6, 2.1-20.4, 9-6.25:2, 54.1-202, 54.1-300 and 54.1-2000 through 54.1-2008 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 54.1-2004.1, relating to the regulation of the providers of public accounting services.

Patrons—Stosch, Miller, K.G., Bolling, Chichester, Colgan, Hanger, Hawkins, Holland, Houck, Lambert, Martin, Maxwell, Puckett, Quayle, Reynolds, Schrock, Stolle, Wampler, Watkins and Woods; Delegates: Albo, Armstrong, Barlow, Bryant, Cantor, Croshaw, Diamonstein, Hamilton, Ingram, Jones, S.C., Katzen, Landes, McClure, O'Brien, Reid, Ruff, Wagner, Wardrup, Williams and Woodrum

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.1-1.6, 2.1-20.4, 9-6.25:2, 54.1-202, 54.1-300 and 54.1-2000 through 54.1-2008 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 54.1-2004.1 as follows:

§ 2.1-1.6. State boards.

A. There shall be, in addition to such others as may be established by law, the following permanent collegial bodies affiliated with a state agency within the executive branch:

Accountancy, Board for of
~~Aging, Advisory Board on the~~
 Agriculture and Consumer Services, Board of
 Air Pollution, State Advisory Board on
 Alcoholic Beverage Control Board, Virginia
 Apple Board, Virginia State
 Appomattox State Scenic River Advisory Board
 Aquaculture Advisory Board
 Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and Landscape Architects, Board for
 Art and Architectural Review Board
~~Athletic Board, Virginia~~
 Auctioneers Board
 Audiology and Speech-Language Pathology, Board of
 Aviation Board, Virginia
 Barbers, Board for
 Branch Pilots, Board for
 Bright Flue-Cured Tobacco Board, Virginia
 Building Code Technical Review Board, State
 Catoctin Creek State Scenic River Advisory Board
 Cattle Industry Board, Virginia
 Cave Board
 Cemetery Board
 Certified Seed Board, State
 Charity Food Assistance Advisory Board
 Chesapeake Bay Local Assistance Board
 Chickahominy State Scenic River Advisory Board
 Child Abuse and Neglect, Advisory Board on
 Chippokes Plantation Farm Foundation, Board of Trustees
 Clinch Scenic River Advisory Board
 Coal Mining Examiners, Board of
 Coal Research and Development Advisory Board, Virginia
 Coal Surface Mining Reclamation Fund Advisory Board
 Conservation and Development of Public Beaches, Board on
 Conservation and Recreation, Board of
 Contractors, Board for
 Corn Board, Virginia
 Correctional Education, Board of

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60	Corrections, State Board of
61	Cosmetology, Board for
62	Criminal Justice Services Board
63	Dark-Fired Tobacco Board, Virginia
64	Deaf and Hard-of-Hearing, Advisory Board for the Department for the
65	Dentistry, Board of
66	Design-Build/Construction Management Review Board
67	Education, State Board of
68	Egg Board, Virginia
69	Emergency Medical Services Advisory Board, State
70	Farmers Market Board, Virginia
71	Fire Services Board, Virginia
72	Forestry, Board of
73	Funeral Directors and Embalmers, Board of
74	Game and Inland Fisheries, Board of
75	Geology, Board for
76	Goose Creek Scenic River Advisory Board
77	Health Planning Board, Virginia
78	Health Professions, Board of
79	Health, State Board of
80	Hearing Aid Specialists, Board for
81	Hemophilia Advisory Board
82	Historic Resources, Board of
83	Housing and Community Development, Board of
84	Irish Potato Board, Virginia
85	Juvenile Justice, State Board of
86	<i>Licensed Professional Counselors, Marriage and Family Therapists and Substance Abuse Treatment</i>
87	<i>Professionals, Board of</i>
88	Litter Control and Recycling Fund Advisory Board
89	Marine Products Board, Virginia
90	Medical Advisory Board, Department of Motor Vehicles
91	Medicare and Medicaid, Advisory Board on
92	Medicine, Board of
93	Mental Health, Mental Retardation and Substance Abuse Services Board, State
94	Migrant and Seasonal Farmworkers Board
95	Military Affairs, Board of
96	Mineral Mining Examiners, Board of
97	Minority Business Enterprise, Interdepartmental Board of the Department of
98	Networking Users Advisory Board, State
99	Neurotrauma Initiative Advisory Board, Commonwealth
100	North Meherrin State Scenic River Advisory Board
101	Nottoway State Scenic River Advisory Board
102	Nursing, Board of
103	Nursing Home Administrators, Board of
104	Occupational Therapy, Advisory Board on
105	Oil and Gas Conservation Board, Virginia
106	Opticians, Board for
107	Optometry, Board of
108	Peanut Board, Virginia
109	Personnel Advisory Board
110	Pesticide Control Board
111	Pharmacy, Board of
112	Physical Therapy to the Board of Medicine, Advisory Board on
113	Plant Pollination Advisory Board
114	Polygraph Examiners Advisory Board
115	Pork Industry Board, Virginia
116	Poultry Products Board, Virginia
117	Private College Advisory Board
118	Private Security Services Advisory Board
119	Professional and Occupational Regulation, Board for
120	Professional Counselors, Board of
121	Professional Soil Scientists, Board for

- 122 Psychiatric Advisory Board
- 123 Psychology, Board of
- 124 Public Broadcasting Board, Virginia
- 125 Public Buildings Board, Virginia
- 126 Public Guardian and Conservator Advisory Board
- 127 Radiation Advisory Board
- 128 Real Estate Appraiser Board
- 129 Real Estate Board
- 130 Reciprocity Board, Department of Motor Vehicles
- 131 ~~Recreation Specialists, Board of~~
- 132 Recreational Fishing Advisory Board, Virginia
- 133 Reforestation Board
- 134 Rehabilitation Providers, Advisory Board on
- 135 Rehabilitative Services, Board of
- 136 Respiratory ~~Therapy~~ Care, Advisory Board on
- 137 Rockfish State Scenic River Advisory Board
- 138 Safety and Health Codes Board
- 139 Seed Potato Board, *State*
- 140 Sewage Handling and Disposal Appeal Review Board, State Health Department
- 141 Shenandoah State Scenic River Advisory Board
- 142 Small Business Advisory Board
- 143 Small Business Environmental Compliance Advisory Board
- 144 Small Grains Board, Virginia
- 145 Social Services, Board of
- 146 Social Work, Board of
- 147 Soil and Water Conservation Board, Virginia
- 148 Soybean Board, Virginia
- 149 State Air Pollution Control Board
- 150 Substance Abuse Certification Board
- 151 Surface Mining Review, Board of
- 152 Sweet Potato Board, Virginia
- 153 T & M Vehicle Dealers' Advisory Board
- 154 Teacher Education and Licensure, Advisory Board on
- 155 Transportation Board, Commonwealth
- 156 Transportation Safety, Board of
- 157 Treasury Board, The, Department of the Treasury
- 158 Veterans' Affairs, Board on
- 159 Veterinary Medicine, Board of
- 160 Virginia Board for Asbestos and Lead
- 161 Virginia Coal Mine Safety Board
- 162 Virginia Correctional Enterprises Advisory Board
- 163 Virginia Cotton Board
- 164 Virginia Employment Commission, State Advisory Board for the
- 165 Virginia Geographic Information Network Advisory Board
- 166 Virginia Horse Industry Board
- 167 Virginia Manufactured Housing Board
- 168 Virginia Retirement System, Board of Trustees
- 169 Virginia Schools for the Deaf and the Blind, Advisory Commission on the
- 170 Virginia Sheep Industry Board
- 171 Virginia Veterans Cemetery Board
- 172 Virginia Waste Management Board
- 173 Visually Handicapped, Virginia Board for the
- 174 Voluntary Formulary Board, Virginia
- 175 War Memorial Foundation, Virginia, Board of Trustees
- 176 Waste Management Facility Operators, Board for
- 177 Water Resources Research Center Statewide Advisory Board, Virginia
- 178 Waterworks and Wastewater Works Operators, Board for
- 179 Well Review Board, Virginia.
- 180 B. Notwithstanding the definition for "board" as provided in § 2.1-1.2, the following entities shall be
- 181 referred to as boards:
- 182 Compensation Board

183 State Board of Elections
 184 State Water Control Board
 185 Virginia Parole Board
 186 Virginia Veterans Care Center Board of Trustees.
 187 § 2.1-20.4. Bodies receiving compensation.
 188 Notwithstanding any other provision of law, members of the commissions, boards, committees,
 189 councils and other similar bodies listed below, and members of any other board, committee, council, or
 190 similar body who are appointed at the state level, shall receive compensation from state funds pursuant
 191 to § 2.1-20.3:
 192 Accountancy, Board ~~for~~ of
 193 Agriculture and Consumer Services, Board of
 194 Air Pollution Control Board, State
 195 Airports Authority, Virginia
 196 Apprenticeship Council
 197 Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and Landscape
 198 Architects, Board for
 199 ~~Athletic Board, Virginia~~
 200 Auctioneers Board
 201 Audiology and Speech-Language Pathology, Board of
 202 Aviation Board, Virginia
 203 Barbers, Board for
 204 Branch Pilots, Board for
 205 Building Code Technical Review Board, State
 206 Charitable Gaming Commission
 207 Chesapeake Bay Local Assistance Board
 208 Coal Mining Examiners, Board of
 209 College Building Authority
 210 Commonwealth Competition Council
 211 Commonwealth Transportation Board
 212 Conservation and Development of Public Beaches, Board on
 213 Conservation and Recreation, Board of
 214 Contractors, Board for
 215 Correctional Education, Board of
 216 Corrections, Board of
 217 Cosmetology, Board for
 218 Criminal Justice Services Board
 219 Deaf and Hard-of-Hearing, Advisory Board for the
 220 Dentistry, Board of
 221 Education, State Board of
 222 ~~Education Loan Authority, Virginia - Board of Directors~~
 223 Elections, State Board of
 224 ~~Environment, Council on the~~
 225 Fire Services Board, Virginia
 226 Funeral Directors and Embalmers, Board of
 227 Game and Inland Fisheries, Board of
 228 Geology, Board for
 229 Health, State Board of
 230 Health Professions, Board of
 231 Hearing Aid Specialists, Board for
 232 Higher Education, State Council of
 233 Historic Resources, Board of
 234 Housing and Community Development, Board of
 235 Information Management, Council on
 236 Juvenile Justice, State Board of
 237 *Licensed Professional Counselors, Marriage and Family Therapists and Substance Abuse Treatment*
 238 *Professionals, Board of*
 239 Marine Resources Commission
 240 Medical Assistance Services, Board of
 241 Medical Complaint Investigation Committee
 242 Medicine, Board of
 243 Mental Health, Mental Retardation and Substance Abuse Services Board, State
 244 Milk Commission

245 Mineral Mining Examiners, Board of
 246 Motor Vehicle Dealer Board
 247 Nursing, Board of
 248 Nursing Home Administrators, Board of
 249 Occupational Therapy, Advisory Board on
 250 Oil and Gas Conservation Board, Virginia
 251 Opticians, Board for
 252 Optometry, Board of
 253 Pesticide Control Board
 254 Pharmacy, Board of
 255 Physical Therapy, Advisory Board on
 256 Port Authority, Board of Commissioners of the Virginia
 257 Professional and Occupational Regulation, Board for
 258 Professional Counselors, Board of
 259 Professional Soil Scientists, Board for
 260 Psychology, Board of
 261 Public Defender Commission
 262 Public School Authority, Virginia
 263 Purchases and Supply Appeals Board
 264 Real Estate Appraiser Board
 265 Real Estate Board
 266 ~~Recreation Specialists, Board of~~
 267 Rehabilitative Services, Board of
 268 Respiratory ~~Therapy~~ Care, Advisory Board on
 269 Safety and Health Codes Board
 270 Seed Potato Board, *State*
 271 Social Services, Board of
 272 Social Work, Board of
 273 State Health Department Sewage Handling and Disposal Appeal Review Board
 274 Substance Abuse Certification Board
 275 Surface Mining Review, Board of
 276 Treasury Board
 277 Veterans' Affairs, Board on
 278 Veterinary Medicine, Board of
 279 Virginia Advanced Shipbuilding and Carrier Integration Center Board
 280 Virginia Board for Asbestos ~~Licensing and Lead~~
 281 Virginia Health Planning Board
 282 Virginia Manufactured Housing Board
 283 Virginia Veterans Care Center Board of Trustees
 284 Virginia Waste Management Board
 285 Visually Handicapped, Virginia Board for the
 286 Waste Management Facility Operators, Board for
 287 Water Control Board, State
 288 Waterworks and Wastewater Works Operators, Board for
 289 Well Review Board, Virginia.
 290 § 9-6.25:2. Policy boards, commissions and councils.
 291 There shall be, in addition to such others as may be designated in accordance with § 9-6.25, the
 292 following policy boards, commissions and councils:
 293 Apprenticeship Council
 294 ~~Athletic Board~~
 295 Auctioneers Board
 296 Blue Ridge Regional Education and Training Council
 297 Board for Accountancy
 298 Board for Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and
 299 Landscape Architects
 300 Board for Barbers
 301 Board for Contractors
 302 Board for Cosmetology
 303 Board for Geology
 304 Board for Hearing Aid Specialists
 305 Board for Opticians

306	Board for Professional and Occupational Regulation
307	Board for Professional Soil Scientists
308	Board for Waterworks and Wastewater Works Operators
309	Board of Agriculture and Consumer Services
310	Board of Audiology and Speech-Language Pathology
311	Board of Coal Mining Examiners
312	Board of Conservation and Recreation
313	Board of Correctional Education
314	Board of Dentistry
315	Board of Directors, Virginia Student Assistance Authorities
316	Board of Funeral Directors and Embalmers
317	Board of Health Professions
318	Board of Historic Resources
319	Board of Housing and Community Development
320	Board of Licensed Professional Counselors, Marriage and Family Therapists and Substance Abuse
321	Treatment Professionals
322	Board of Medical Assistance Services
323	Board of Medicine
324	Board of Mineral Mining Examiners
325	Board of Nursing
326	Board of Nursing Home Administrators
327	Board of Optometry
328	Board of Pharmacy
329	Board of Psychology
330	Board of Recreation Specialists
331	Board of Social Services
332	Board of Social Work
333	Board of Surface Mining Review
334	Board of Veterinary Medicine
335	Board on Conservation and Development of Public Beaches
336	Cemetery Board
337	Chesapeake Bay Local Assistance Board
338	Child Day-Care Council
339	Commission on Local Government
340	Commonwealth Transportation Board
341	Council on Human Rights
342	Council on Information Management
343	Criminal Justice Services Board
344	Design-Build/Construction Management Review Board
345	Disability Services Council
346	Farmers Market Board, Virginia
347	Interdepartmental Council on Rate-setting for Children's Facilities
348	Library Board, The Library of Virginia
349	Marine Resources Commission
350	Milk Commission
351	Pesticide Control Board
352	Real Estate Appraiser Board
353	Real Estate Board
354	Reciprocity Board, Department of Motor Vehicles
355	Safety and Health Codes Board
356	Seed Potato Board
357	Specialized Transportation Council
358	State Air Pollution Control Board
359	State Board of Corrections
360	State Board of Elections
361	State Board of Health
362	State Board of Juvenile Justice
363	State Health Department, Sewage Handling and Disposal Appeal Review Board
364	State Library Board
365	State Mental Health, Mental Retardation and Substance Abuse Services Board
366	State Seed Potato Board
367	State Water Control Board

Substance Abuse Certification Board
 Treasury Board, The, Department of the Treasury
 Virginia Aviation Board
 Virginia Board for Asbestos and Lead
 Virginia Fire Services Board
 Virginia Gas and Oil Board
 Virginia Health Planning Board
 Virginia Manufactured Housing Board
 Virginia Parole Board
 Virginia Public Broadcasting Board
 Virginia Soil and Water Conservation Board
 Virginia Voluntary Formulary Board
 Virginia Waste Management Board
 Waste Management Facility Operators, Board for.

§ 54.1-202. Monetary penalty.

Any person licensed or certified by a regulatory board who violates any statute or regulation pertaining to that regulatory board who is not criminally prosecuted shall be subject to the monetary penalty provided in this section. *Except as provided by § 54.1-2006, if a regulatory board determines that a respondent is guilty of the violation complained of, the board shall determine the amount of the monetary penalty for the violation, which shall not exceed \$1,000 for each violation. The penalty may be sued for and recovered in the name of the Commonwealth.*

§ 54.1-300. Definitions.

As used in this chapter unless the context requires a different meaning:

"Board" means the Board for Professional and Occupational Regulation.

"Certification" means the process whereby the Department or any regulatory board issues a certificate on behalf of the Commonwealth to a person certifying that he possesses the character and minimum skills to engage properly in his profession or occupation.

"Department" means the Department of Professional and Occupational Regulation.

"Director" means the Director of the Department of Professional and Occupational Regulation.

"Inspection" means a method of regulation whereby a state agency periodically examines the activities and premises of practitioners of an occupation or profession to ascertain if the practitioner is carrying out his profession or occupation in a manner consistent with the public health, safety and welfare.

"Licensure" means a method of regulation whereby the Commonwealth, through the issuance of a license, authorizes a person possessing the character and minimum skills to engage in the practice of a profession or occupation which is unlawful to practice without a license.

"Registration" means a method of regulation whereby any practitioner of a profession or occupation may be required to submit information concerning the location, nature and operation of his practice.

"Regulatory board" means the ~~Athletic Board, Auctioneers Board, Board for of Accountancy, Board for Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and Landscape Architects, Board for Barbers, Board for Branch Pilots, Board for Contractors, Board for Cosmetology, Board for Geology, Board for Hearing Aid Specialists, Board for Opticians, Board for Professional Soil Scientists, Board for Waste Management Facility Operators, Board for Waterworks and Wastewater Works Operators, Cemetery Board, Real Estate Appraiser Board, Real Estate Board and Board for Waste Management Facility Operators~~ Virginia Board for Asbestos and Lead.

§ 54.1-2000. Definitions.

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

"Assurance" means any act or action, whether written or oral, expressing an opinion or conclusion about the reliability of a financial statement or about its conformity with any financial accounting principles or standards.

"Board" means the Board for of Accountancy continued by the provisions of this chapter and established by its predecessor under prior law.

"Commission" means compensation generated from the purchase or sale of a product or service and which would not be generated but for the purchase or sale of the product or service.

"Contingent fee" means a fee established for the performance of a service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is obtained, or in which the amount of the fee is dependent upon the finding or result obtained. Fees shall not be considered contingent if fixed by courts or other public authorities, or in tax matters if determined based on the results of judicial proceedings or the findings of governmental agencies. A CPA certificate holder's fees may vary depending on the complexity of services rendered, and such variation shall not be considered a contingent fee.

429 "Certificate CPA certificate" means a certificate as a certified public accountant (CPA) issued by the
430 Board pursuant to this chapter or corresponding provisions of prior law, *which shall function as a*
431 *license*, or a corresponding certificate as a certified public accountant issued after examination under the
432 laws of any other state.

433 "Financial statement" means writing or other presentation, including accompanying notes, which
434 presents, in whole or in part, historical or prospective financial position, results of operations or changes
435 in financial position of any person, corporation, partnership or other entity.

436 ~~"License" means a license to practice public accounting issued under the provisions of this chapter.~~

437 "Firm" means a sole proprietorship, partnership, corporation, limited liability company, limited
438 liability partnership, or any other form of organization permitted by law.

439 "Peer review" means a study, appraisal, or review, by a CPA certificate holder who is not affiliated
440 with the firm being reviewed, of one or more aspects of the professional work of a firm that engages in
441 the practice of public accounting or compiles financial statements in accordance with the American
442 Institute of Certified Public Accountants' Statements on Standards for Accounting and Review Services
443 (SSARS).

444 "Practice of public accountancy" or "public accounting" means the giving of an assurance, in a report
445 or otherwise, whether expressly or implicitly, unless this assurance is given by an employee to his
446 employer.

447 "Registration" means the process through which a firm obtains a registration certificate from the
448 Board.

449 "Registration certificate" means a certificate issued to a ~~professional corporation or professional~~
450 ~~limited liability company firm~~ that has met all of the requirements for registration under this chapter.

451 "Report" or "reports," when used with reference to financial statements, means an opinion or
452 disclaimer of opinion or other form of language or representation which states or implies any form of
453 assurance or denial of assurance.

454 "State" means any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin
455 Islands and Guam.

456 "Substantial equivalency" means a determination by the Board or its designee that the education,
457 examination and experience requirements contained in the statutes and administrative rules of another
458 jurisdiction are comparable to, or exceed, the education, examination and experience requirements
459 contained in this chapter, or that an individual CPA from another jurisdiction has met education,
460 examination and experience requirements which are comparable to, or exceed, the education,
461 examination, and experience requirements contained in this chapter.

462 "SSARS" means Statements on Standards for Accounting and Review Services established by the
463 American Institute of Certified Public Accountants.

464 § 54.1-2001. Inapplicability of chapter.

465 A. This chapter shall not be construed to prevent any person from:

- 466 1. Describing himself as an "accountant" or a "bookkeeper";
467 2. Stating that he practices accountancy or bookkeeping;;
468 3. Performing services involving the use of accounting skills;;
469 4. Rendering tax services, or management advisory or consulting services;;
470 5. Keeping the books of account and related accounting records;; or
471 6. Preparing financial statements without the expression of an opinion or an assurance.

472 B. This chapter shall not be construed to prevent any person from stating that he has prepared,
473 compiled, assembled or drafted a financial statement, provided he does not use any additional language
474 which comprises an assurance, *make any claims or representations, or use any of the language*
475 *prohibited by § 54.1-2007.*

476 C. The prohibitions of § 54.1-2007 and the other provisions of this chapter shall not be construed to
477 preclude the use of the following language: "I (We) have compiled the accompanying (financial
478 statements) of (name of entity) as of (time period) for the (period) then ended. A compilation is limited
479 to presenting in the form of financial statements information that is the representation of management
480 (owners). I (We) have not audited or reviewed the accompanying financial statements and, accordingly,
481 do not express an opinion or any other form of assurance on them. Management has elected to omit
482 substantially all (or certain) required disclosures (and the statement of changes in financial position). If
483 omitted disclosures were included in the financial statements, they might influence the user's conclusions
484 about the (entity's) financial position, results of operations, and changes in financial position.
485 Accordingly, these financial statements are not designed for those who are not informed about these
486 matters."

487 § 54.1-2002. Board of Accountancy; membership; qualifications; powers and duties of Board.

488 A. The Board ~~for~~ of Accountancy shall consist of seven members who shall serve for terms of four
489 years. ~~Members of the Board for Accountancy as it existed prior to July 1, 1987, may continue as Board~~
490 ~~members until their individual terms expire.~~

As the terms of the members of the Board expire, they shall be replaced by members with the following qualifications: *The Board shall be comprised of one public member who may be an unlicensed accountant who does not hold a CPA certificate but otherwise meets the requirements of § 54.1-107 (i) and (ii); one educator in the field of accounting; and five practicing certified public accountants, duly certified and licensed, who four of whom have been actively engaged in the practice of public accounting for at least three years prior to appointment to the Board and one of whom may be a certified public accountant not engaged in the practice of public accounting at the time of his appointment but who has at least three years of experience in the accounting field prior to his appointment.* Any certified public accountant member of the Board whose license CPA certificate is revoked or suspended shall automatically cease to be a member of the Board.

B. The Board shall have the responsibility for the enforcement of the provisions of this chapter subject to the powers and duties of the Director.

The Board for Accountancy shall certify and license issue CPA certificates to persons to practice public accountancy and restrict the practice of public accountancy to those persons who are so certified and licensed, who may call themselves CPAs, and shall take such actions as may be authorized by this chapter to ensure their continued competence and - The Board shall also take such actions as may be authorized by this title to aid the public in determining the qualifications of such persons who give assurances on financial statements. *The Board shall issue registration certificates to firms to engage in the practice of public accountancy in the Commonwealth as set forth in § 54.1-2005 and take such actions as may be authorized by this chapter to ensure that such firms and their certified public accountants adhere to standards of conduct and practice.*

C. The Board may establish continuing education requirements for the issuance of a license or to assure continued competency of licensees shall have the responsibility of enforcing this chapter and may by regulation establish rules and procedures for the implementation of the provisions of this chapter.

§ 54.1-2002.1. Board authorized to contract for certain services; award of contract.

A. Upon a majority vote of the Board and the approval of the Director of the Department of Professional and Occupational Regulation (the "Director"), the Board may contract with a private person, firm, corporation, or association to provide the following services on behalf of the Board: examining, recommending licensure issuance of CPA certificates and firm registration certificates, investigating, providing mandatory continuing professional education, performing clerical duties, collecting fees, maintaining records, recommending enforcement actions in accordance with Article 3 (§ 9-6.14:10 et seq.) of the Administrative Process Act, and developing proposed regulations in accordance with Article 2 (§ 9-6.14:6 et seq.) of the Administrative Process Act.

B. The Board shall procure any or all of the services in accordance with the provisions of the Virginia Public Procurement Act (§ 11-35 et seq.). Prior to the award of such contract, a proposer shall demonstrate, to the satisfaction of the Board:

1. Personnel and financial resources necessary to carry out the provisions of the contract;
2. Adequate indemnification to protect the Commonwealth and its agencies and instrumentalities from all claims and losses incurred as a result of the contract;
3. Evidence of past performance in enforcing standards of practice for public accounting;
4. Compliance with all applicable federal, state, and local laws;
5. Ability to maintain, develop, and implement the internal operations that may be necessary or may become necessary to carry out the provisions of the contract; and
6. Any other qualifications the Board or the Director deems appropriate in the procurement process.

C. Such contract shall not exceed a three-year term, but may be renewed annually upon a majority vote of the Board and the approval of the Director. Prior to the execution of such contract, the Attorney General shall approve its form. The chairman of the Board and the Director shall be signatories to the contract on behalf of the Commonwealth.

D. Nothing herein is intended to deprive the contractor or the Commonwealth of the benefits of any law limiting exposure to liability or setting a limit on damages.

§ 54.1-2003. Grant of CPA certificate; restrictions on practice; educational and experience requirements.

A. The Board shall issue a CPA certificate only to a person who meets the character, education, experience and examination requirements established in this chapter and by regulations of the Board and shall renew such certificate only if the certificate holder meets the requirements established by § 54.1-2004. Before adopting any regulations requiring that an individual admitted for examination have more than a baccalaureate degree, the Board shall submit such proposed regulations to the State Council of Higher Education for its review and comment and the Board shall coordinate and consult with the State Council of Higher Education regarding such regulations. Any such regulations shall not be effective prior to February 15, 1994. A person who holds a valid certificate granted to him by the Board may refer to himself as a Certified Public Accountant or CPA but is not empowered to practice public

552 accountancy until he obtains a valid license to do so.

553 B. Before an applicant for a CPA certificate may sit for the examination prescribed by this section,
554 the following education requirements shall be met:

555 1. For persons applying to sit for the examination prior to July 1, 2006, a baccalaureate degree or
556 its equivalent conferred by a college or university acceptable to the Board with an accounting
557 concentration or equivalent as determined by the Board to be acceptable.

558 2. For persons applying to sit for the examination on or after July 1, 2006, at least 150 semester
559 hours of college education, including a baccalaureate or higher degree conferred by a college or
560 university acceptable to the Board with the total educational program to include an accounting
561 concentration or equivalent as determined by the Board to be acceptable.

562 C. An applicant for initial issuance of a CPA certificate shall provide proof acceptable to the Board
563 that the applicant has had at least one year of acceptable experience in accounting or a related field.
564 This experience may include providing any type of service or advice involving the use of accounting,
565 management, financial, tax or consulting advisory skills or services. Acceptable experience shall include
566 employment in government, industry, academia or public accounting or related services.

567 D. The Board shall grant all privileges of Virginia CPA certificate holders to persons who were
568 granted CPA certificates or licenses in other jurisdictions who can demonstrate that they are eligible
569 under the substantial equivalency provisions set forth in § 54.1-2004.1.

570 E. For the purpose of meeting the examination requirements referred to in subsection A of this
571 section, the Board may admit for examination graduates of (i) Bristol College, Bristol, Tennessee, using
572 the same criteria for admission as required by the Tennessee State Board of Accountancy who have
573 otherwise completed the course work and credit hours required by this chapter and (ii) Benjamin
574 Franklin School of Accountancy and Financial Administration, Washington, D.C., using the same criteria
575 for admission as required by the District of Columbia Board of Accountancy who have otherwise
576 completed the course work and credit hours required by this chapter.

577 ~~C. F.~~ F. For the purpose of meeting the examination requirement referred to in subsection A
578 requirements of this section, the Board shall admit graduates with a baccalaureate degree with a major
579 in accounting or a concentration in accounting from National Business College of Virginia, who have
580 otherwise completed the course work and credit hours required by the Board this chapter.

581 § 54.1-2004.1. Renewal of CPA certificate; continuing education requirements.

582 The Board shall issue a license only to a person who holds a valid certificate and who has met work
583 experience requirements established by Board regulation.

584 The Board shall grant or renew a license only if the license holder meets requirements established by
585 the Board. A person who holds a valid license granted to him by the Board may practice public
586 accounting.

587 A. The Board shall promulgate regulations establishing procedures and requirements for the renewal
588 of a CPA certificate granted by the Board, including the payment of a renewal fee.

589 B. Any person referring to himself as a Certified Public Accountant or "CPA," including the use of
590 the "CPA" title on individual business cards, letterhead and all other documents and devices except the
591 CPA certificate, and who is performing or offering to perform any services involving accounting skills
592 or auditing skills, issuing reports on financial advisory or consulting services, preparing tax returns, or
593 furnishing advice on tax matters for the public, an employer or other organization, shall meet the
594 continuing professional education (CPE) requirements established by the Board as a condition of
595 renewal of a CPA certificate. Such CPE requirements shall include at least 120 credit hours during
596 each three-year period. The certificate holder may choose the areas of study and courses.

597 § 54.1-2004.1. Substantial equivalency for nonresident CPA certificate holders and licensees.

598 A. A nonresident of the Commonwealth shall be granted the privilege of practicing public accounting
599 in the Commonwealth if he holds a valid CPA certificate or license to practice public accounting in
600 another state or foreign jurisdiction which is determined by the Board or its designee to have education,
601 examination and experience requirements substantially equivalent to those provided by this chapter [or
602 if the Board determines that the nonresident individual has met education, examination and experience
603 requirements that are substantially equivalent to those provided by this chapter] . The Board shall
604 provide by regulation the manner in which the privilege to practice under this section shall be
605 evidenced.

606 B. Any person intending to exercise the privileges of a CPA certificate holder in the Commonwealth
607 under this section shall:

608 1. Consent to be subject to (i) the same laws, regulations and standards of conduct applying to
609 holders of CPA certificates issued by the Board, (ii) the jurisdiction of the Board in all disciplinary
610 proceedings arising out of matters related to his exercise of the privileges granted by this section, and
611 (iii) the Board's authority to revoke his privilege to practice public accounting in the Commonwealth
612 under this section.

613 2. Consent to the appointment of [the director of] the state board which issued his CPA certificate

or license as his agent upon whom process may be served in any action or proceeding by [~~the Director of~~] the Board against him, or in any civil action in Virginia courts arising out of [~~the~~] his professional activities in the Commonwealth.

3. Consent to the personal and subject matter jurisdiction of the courts of the Commonwealth in any civil or criminal action arising out of his professional activities in the Commonwealth and agree that the proper venue for such actions is in the Commonwealth.

C. A person who holds a CPA certificate issued by the Board and is exercising the privileges of a CPA certificate holder in another state under a comparable substantial equivalency provision of that state's law shall be subject to disciplinary action by the Board for an act or omission committed in the Commonwealth. The Board shall investigate any complaint made to or by the board of accountancy of another state related to the person's exercise of the privileges of a CPA certificate holder in the state.

§ 54.1-2005. Firms.

A. No professional corporation organized under the provisions of Chapter 7 (§ 13.1-542 et seq.) of Title 13.1 or professional limited liability company organized under the provisions of Chapter 13 (§ 13.1-1100 et seq.) of Title 13.1 shall practice. Any person holding a valid CPA certificate may organize a firm as a sole proprietorship, partnership, corporation, limited liability company, limited liability partnership, or any other form or organization permitted by law. Any person holding a valid CPA certificate may offer services that do not constitute the practice of public accounting as defined in § 54.1-2000 through any lawful form of organization while representing himself as a "Certified Public Accountant" or "CPA."

B. Any firm with one or more offices in the Commonwealth which practices, directly or indirectly, public accounting in this Commonwealth unless registered or which uses the term "Certified Public Accountant(s)" or the designation "CPA" in the name of the firm shall register under this chapter.

B. A professional corporation organized under the provisions of Chapter 7 of Title 13.1 or professional limited liability company organized under the provisions of Chapter 13 of Title 13.1 shall be issued a registration certificate by the Board upon its application and payment of the required registration fee provided that: Only one registration certificate shall be required for a firm with multiple offices. Each firm registered under this section shall designate an individual to register as the primary contact on behalf of the firm. A firm with no offices in this Commonwealth may offer public accounting services in the Commonwealth if the individual members or employees providing services are (i) holders of CPA certificates from the Board, (ii) have met the substantial equivalency requirements of this chapter, or (iii) are otherwise eligible to practice in the Commonwealth as determined by the Board. The Board may revoke the privileges of such firm to offer public accounting services in the Commonwealth for good cause shown, pursuant to regulations promulgated by the Board.

C. Any firm with an office in the Commonwealth providing or offering to provide public accounting services shall be issued a registration certificate by the Board upon application and payment of the required fee and shall maintain such certificate provided that:

1. Each shareholder of the professional corporation or member or manager of a professional limited liability company who will practice public accountancy in Virginia holds a license issued by the Board. At least fifty-one percent of the owners of the firm, as determined on a firm-wide basis, hold a valid CPA certificate.

2. The name of the professional corporation or professional limited liability company and the conduct of its practice conform with the ethical standards which its shareholders or members and managers are required to observe in the practice of public accountancy and the name includes, as appropriate, such designation of the corporate form as is authorized by Chapter 7 of Title 13.1 and is followed by the description a "Professional Corporation" or "PC," or designation of the professional limited liability company form as is authorized by Chapter 13 of Title 13.1 and is followed by the description "Professional Limited Company" or "Professional Limited Liability Company," or the abbreviations "P.L.C." or "P.L.L.C." At least fifty-one percent of the voting equity interest in the firm, as determined on a firm-wide basis, is owned by persons holding a valid CPA certificate. If this requirement or the requirement of subdivision 1 of this subsection is not met due to the death, retirement or departure of an owner, the requirements shall be met within one year of such event.

3. All non-CPA owners work in the firm on a full-time basis. Retirees or heirs who do not meet this requirement shall have until July 1, 2001, to dispose of their interest. Firms in existence as of July 1, 1999, shall comply with this requirement by July 1, 2001.

4. All public accounting services are under the supervision of a person holding a valid CPA certificate.

5. The firm provides evidence satisfactory to the Board that the firm has undergone, no less frequently than every three years, a peer review in accordance with requirements established by the Board.

6. The firm conducts its accounting practice in conformity with the Board's standards of practice for

675 firms and also with standards of conduct and practice which its CPA certificate holders are required to
676 observe in the practice of public accountancy.

677 7. Any individual CPA who is responsible for supervising public accounting services and signs or
678 authorizes another person to sign the accountant's report on the financial statement on behalf of the
679 firm, shall meet the experience requirements for these individuals as established by the Board.

680 8. The name of the firm is not false, misleading or deceptive.

681 D. Any firm with an office in the Commonwealth that is not engaged in the practice of public
682 accounting but uses the term "Certified Public Accountant" or the "CPA" designation in its name shall
683 be issued a registration certificate by the Board upon its application and payment of the required fee
684 provided that such firm is in compliance with subdivisions C 1, 2, 3 and 8 of § 54.1-2005 and the firm:

685 1. Conducts its practice in conformity with the ethical standards and standards of practice which the
686 CPA certificate holders in the firm are required to observe; and

687 2. Affirms that it has met the requirements of this section and has not provided nor offered to
688 provide services involving the practice of public accounting in the previous two years and will not
689 provide or offer to provide such services in the future, unless it first meets the requirements set forth in
690 subsection C.

691 In addition, any such firm using certified public accountants to compile financial statements in
692 compliance with SSARS shall provide evidence satisfactory to the Board that the firm has undergone, no
693 less frequently than every three years, a peer review in accordance with the requirements established by
694 the Board.

695 ~~C. Professional corporation or professional limited liability company registration certificates~~ E. A
696 firm's registration certificate shall be renewed biennially on the anniversary date if such ~~corporation or~~
697 ~~professional limited liability company~~ firm meets the requirements for registration and has paid the
698 registration required fee. The Board shall establish a renewal fee.

699 § 54.1-2006. Unprofessional conduct; enforcement against holders of CPA certificates and registration
700 certificates.

701 The Board may revoke or suspend a license or certificate or impose lesser sanctions for any of the
702 following causes:

703 1. The use of fraud, deceit, or misrepresentation about credentials or qualifications for licensure or
704 certification.

705 2. The conviction of any crime involving moral turpitude.

706 3. Unprofessional conduct in violation of the Standards of Practice adopted by the Board.

707 4. Professional discipline imposed by another state in the practice of public accountancy.

708 5. Dishonesty, fraud, or negligence in the practice of public accountancy.

709 6. Suspension or revocation of the right to practice before any state or federal agency.

710 7. Violation of any of the provisions of this chapter or any regulation promulgated by the Board.

711 A. The Board may revoke any CPA certificate or registration certificate; suspend any CPA certificate
712 or registration certificate or refuse to renew any CPA certificate or registration certificate for a period
713 of not more than five years; reprimand, censure or limit the scope of practice of any CPA certificate
714 holder or registered firm; impose a monetary penalty not to exceed \$2,500 for a CPA certificate holder
715 or \$10,000 for a registered firm; or place any CPA certificate holder or registered firm on probation,
716 with or without terms, conditions and limitations, for any of the following reasons:

717 1. Fraud or deceit in obtaining or renewing a CPA certificate or registration certificate.

718 2. Cancellation, revocation, suspension or refusal to renew the CPA certificate or license to engage
719 in the practice of public accountancy for disciplinary reasons in another state or foreign jurisdiction.

720 3. Failure to comply with the requirements for issuance or renewal of a CPA certificate or
721 registration certificate.

722 4. Revocation or suspension of the right to practice before any state or federal agency.

723 5. Dishonesty, fraud, or gross negligence in the practice of public accountancy, including but not
724 limited to the content of a CPA certificate holder's state or federal income tax returns or his failure to
725 file his own state or federal income tax returns or those of his client.

726 6. Violation of any provision of this chapter or regulation promulgated by the Board under this
727 chapter.

728 7. Violation of any standard of conduct or applicable standard of practice promulgated by the
729 Board.

730 8. Conviction of a felony, or of any crime involving fraud or dishonesty, under the laws of the
731 United States, of this Commonwealth, or of any other state if the acts involved would have constituted a
732 crime under the laws of the Commonwealth.

733 9. Any conduct reflecting adversely upon the CPA certificate holder's fitness to perform while a CPA
734 certificate holder.

735 B. In lieu of, or in addition to, any authority provided in subsection A or other provisions of this
736 chapter, the Board may require a registered firm to submit to a peer review conducted as the Board

may specify, provided such firm performs services involving public accounting or compiles financial statements in accordance with SSARS. The Board may also require a CPA certificate holder to attain satisfactory completion of additional or specific continuing professional education credit hours as the Board may specify.

C. Any person referring to himself as a Certified Public Accountant, including the use of the title on business cards, letterhead or other documents or devices other than the person's CPA certificate, who compiles financial statements must create the report in compliance with SSARS.

§ 54.1-2007. Prohibited acts.

A. A person who does not hold a valid license issued by the Board CPA certificate shall not:

1. Claim to hold a valid license CPA certificate;
2. Practice or offer to practice public accountancy or public accounting; or
3. Make any other claim of licensure, registration, or approval related to the preparation of financial statements which is false or misleading;

B. A person who does not hold a valid certificate issued by the Board shall not claim to hold one or describe 4. Describe himself as or assume any of the following titles or designations: certified public accountant, CPA, public accountant, PA, certified accountant, CA, chartered accountant, licensed accountant, LA, registered accountant, RA, independent auditor, IA or auditor;

C. A person who does not hold a valid license issued by the Board shall not claim 5. Claim to have used "generally accepted accounting principles," "generally accepted accounting standards," "public accountancy standards," "public accountancy principles," "generally accepted auditing principles," or "generally accepted auditing standards," or "standards promulgated by the American Institute of Certified Public Accountants," including SSARS, in connection with his preparation of any financial statement; nor shall he use any of these terms in describing any complete or partial variation from such standards or principles or to imply complete or partial conformity with such standards or principles;

D. A person who does not hold a valid license issued by the Board shall not use 6. Use the words "audit," "audit report," "independent audit," "attest," "attestation," "examine," "examination," "opinion," or "review" in a report, as that term is defined in this chapter, and which expresses assurance on a financial statement; or

E. A person who does not hold a valid license issued by the Board shall neither state nor 7. State or imply that he is tested, competent, qualified, or proficient in financial standards established by (i) the American Institute of Certified Public Accountants or any agency thereof, (ii) the Governmental Accounting Standards Board or any agency thereof, (iii) the Securities and Exchange Commission or any agency thereof, (iv) the Financial Accounting Standards Board, or (v) any successor entity to an entity named in this subsection subdivision.

F. A person who holds a valid license issued by the Board shall not engage in the practice of public accounting under a professional or firm name or designation that contains a name or term other than past or present partners, officers, members, managers, or shareholders of the firm or of a predecessor firm; nor shall any such person engage in the practice of public accounting under a professional or firm name which is deceptive or misleading.

B. A firm shall not use a name that is false, misleading or deceptive.

C. This section shall not prohibit any officer, partner, member, manager, or employee of any firm or organization from affixing that person's signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that person holds therein, nor does this section prohibit any act of a public official or employee in the performance of his duties.

D. No CPA certificate holder shall:

1. Recommend or refer to a client any product or services for a commission, or, for a commission, recommend or refer any product or service to be supplied by a client, or receive a commission when the CPA certificate holder also performs for that client any service which involves the practice of public accounting. This prohibition applies during the period in which the CPA certificate holder is providing services which involve the giving of an assurance or during the period covered by any financial statements that were prepared by the CPA certificate holder as a part of such services.

2. Perform for a contingent fee any services for, or receive such a fee from, a client for whom the CPA certificate holder or the CPA certificate holder's firm performs services which involve the practice of public accounting, during the period when such services are being provided and during the period covered by the financial statements.

3. Prepare an original tax return or claim for a tax refund for a contingent fee for any client.

E. A CPA certificate holder who is not prohibited by this section from accepting a commission and who is paid or expects to be paid a commission shall disclose that fact to any person or entity to whom the CPA certificate holder recommends or refers a product or service to which the commission applies.

F. A CPA certificate holder who accepts a referral fee for recommending or referring any service of

798 *a CPA certificate holder shall disclose such payment to the client.*

799 § 54.1-2008. Exemptions from unlawful acts.

800 A. The unlawful acts set forth in § 54.1-2007 shall not apply to or prohibit a person or firm holding
801 a certification, designation, degree or license granted in a foreign country entitling the holder thereof to
802 engage in the practice of public accountancy or its equivalent in such country, provided that:

803 1. The practice of ~~this~~ *the* person or firm in the Commonwealth of Virginia is limited to providing
804 professional services to persons or firms who are residents of, governments of, or business entities of the
805 country in which such entitlement is held;

806 2. Such person or firm does not engage in the practice of public accountancy in the preparation of
807 financial statements about any other person, firm, or governmental unit in the Commonwealth of
808 Virginia; and

809 3. The person or firm designates the country of origin and does not use any title or designation other
810 than the one under which he or it may lawfully practice in the country of origin, which may be
811 followed by a translation of such title or designation into English.

812 B. The provisions of this chapter shall not be construed, interpreted, or applied in such a way as to
813 prohibit any public employee from performing his duly authorized or mandated duties.